

NATION'S BUSINESS



NOVEMBER • 1935

Shall Washington Manage Business?

By Harper Sibley

Render Unto Caesar

By S. Wells Utley

The Star Chamber Lives Again

By Frederick Smith

275,000 CIRCULATION

PUBLISHED BY THE CHAMBER OF COMMERCE
OF THE UNITED STATES • WASHINGTON



CHEVROLET keeps 45 branches and assembly plants **IN HIGH GEAR** with Bell System Teletypewriter Service

CHEVROLET furnishes *fast, economical transportation* to America, and the Bell System furnishes *fast, economical communication* to Chevrolet.

Teletypewriter Exchange Service was introduced two years ago to connect one regional sales office and its subsidiary zone offices with the home office at Detroit. It proved so satisfactory that service was soon extended to other offices. Today, 45 cities are included in a closely co-ordinated network which covers the entire United States.

Traffic normally flows from the zone offices to the regional offices, to the Detroit headquarters, or Flint factory,

and return, but any individual office can talk in type direct to any other if occasion arises. Originally installed for sales purposes, the service is now used for advertising, accounting, administrative and manufacturing matters as well.

The speed, the close two-way contact and the accurate written records which "typing-by-wire" provides, have proved invaluable to Chevrolet and to hundreds of other firms large and small. Probably your own business could employ it profitably. Your local telephone company will be glad to discuss it with you. Just call the Business Office. No obligation, of course.



Plymouth Announces its New 1936 Car!

*It's Lower—Longer
—and Wider!*



40 Big Improvements in Ride and Performance

IT'S HERE...the biggest, roomiest and most beautiful Plymouth we have ever presented.

The 1936 Plymouth is again the most economical full-size car you can drive. All evidence indicates 18 to 23 or more miles per gallon of gas.

Among 40 improvements, the big Plymouth frame is 100% more rigid...bodies are newly reinforced at five major points. This new car will take even more punishment than the sturdy 1935 Plymouth.

Eleven new comfort features have

been added to Plymouth's famed Floating Ride...seven and a half new inches of leg room (*in the model shown*)...and two new inches of elbow and shoulder room.

The last trace of road-shock at the wheel has been removed by a new steering design. Driving and handling this new Plymouth is going to delight you. Plymouth's brakes are 100% hydraulic...they stop you quick.

See...and drive...and ride in the beautiful new Plymouth...before you buy any new car today.

4 THINGS PEOPLE WANT:

1. **ECONOMY**—All evidence indicates 18 to 23 miles per gallon of gas.
2. **SAFETY**—Plymouth's body is Safety Steel...Brakes are 100% hydraulic.
3. **RELIABILITY**—Of all low-priced cars, Plymouth has most long-life features.
4. **COMFORT**—Plymouth's Floating Ride plus 11 new comfort improvements.

Any Chrysler, Dodge or DeSoto dealer will put a new Plymouth at your disposal, and explain the official Chrysler Motors Commercial Credit Plan.

PLYMOUTH DIVISION OF CHRYSLER CORP.

PLYMOUTH BUILDS GREAT CARS

HOW Firestone GIVES YOU LOWEST COST PER TON-MILE



FIRESTONE TIRES are built different — they have three patented construction features not used in any other truck tire. The body is built with Gum-Dipped *High Stretch* cords. Gum-Dipping, the patented Firestone process, soaks the cords in pure liquid rubber, insulating and coating every strand in every cord. This is why Firestone Tires run cooler and are stronger.

The tread is made of a new and tougher rubber compound which gives greatest resistance to wear. This, together with the scientific non-skid design, gives greater traction and longer non-skid mileage. Firestone locks this wider, heavier and more rugged tread securely to the Gum-Dipped cord body of the tire by building two extra layers of Gum-Dipped cords (*patented*) under the tread.

These *exclusive* construction features result in *lowest cost per ton-mile*. The largest operators in the country buy Firestone Tires year after year on their cost-reducing performance.

Call on the Firestone Auto Supply and Service Store or Tire Dealer nearest you today, and start reducing your operating costs. When buying new equipment *be sure to specify Firestone Tires*.

Listen to the Voice of Firestone—featuring Margaret Speaks, Soprano, with the Firestone Choral Symphony, and William Daly's Orchestra—every Monday night over N. B. C. Nationwide Network

© 1935, F. T. & R. Co.



HIGH SPEED, NON-SKID *Gum-Dipped*

| | |
|---------------------------|------------------------------|
| 6.00-20 .. \$16.95 | 9.00-24. \$65.95 |
| 6.50-20 .. 21.95 | 9.75-20. 79.35 |
| 7.00-20 .. 29.10 | 30x5 Truck Type 16.90 |
| 7.50-20 .. 35.20 | 30x5 H.D. 21.30 |
| 7.50-24 .. 39.00 | 32x6 Truck Type 27.65 |
| 8.25-20 .. 49.30 | 32x6 H.D. 36.25 |
| 8.25-24 .. 54.75 | 34x7 H.D. 48.65 |
| 9.00-20 .. 60.75 | 40x8 H.D. 73.95 |

Other Sizes Proportionately Low



OLDFIELD *Gum-Dipped*

| |
|---------------------------|
| 6.00-20 .. \$14.85 |
| 6.50-20 .. 19.20 |
| 7.50-20 .. 30.80 |
| 30x5 H.D. 18.65 |
| 32x6 H.D. 31.70 |
| 34x7 H.D. 42.55 |

Other Sizes Proportionately Low



SENTINEL TYPE

| |
|---------------------------|
| 6.00-20 .. \$13.40 |
| 30x5 H.D. 16.80 |
| 32x6 H.D. 28.55 |

GROUND GRIP *Gum-Dipped*

| |
|------------------------------|
| 6.00-20 .. \$16.95 |
| 6.50-20 .. 21.95 |
| 7.00-20 .. 29.10 |
| 7.50-20 .. 35.20 |
| 7.50-24 .. 39.00 |
| 8.25-20 .. 49.30 |
| 32x6 Truck Type 27.65 |
| 32x6 H.D. .. 36.25 |

Other Sizes Proportionately Low



From the roar of sound in which so many executives work, eliminate the noisy typewriter — arch enemy of office quiet — and you increase efficiency, reduce errors, and minimize mental fatigue. Ask about the *Silent* L C Smith — the one typewriter which is *standard* in design and *silent* in operation.

L C SMITH & CORONA TYPEWRITERS INCORPORATED SYRACUSE NEW YORK

The "Radio Honeymoon" is Over

TODAY people no longer listen out of sheer amazement at radio's miracle. They refuse to come to the show unless it is good.

Building an audience of millions calls for showmanship that entertains—and *sells*. It is this type of salesmanship in showmanship that gets and holds the big profits. It has enabled us to deliver commercial messages for as low as \$1.00 per thousand actual listeners.

Just a few months ago, a Lord & Thomas radio program sold \$700,000 worth of one drug product alone in ten days. For another of our clients, a radio program on four stations sold so much goods that the manufacturer had to reopen a factory unit this Spring, which had been closed for years.

Usually, to play safe, we let the thousands decide what the millions will like. Thus, recently we tested an utterly new type of daily strip show. Announcements on five consecutive days over a 5,000-watt test station brought 64,000 sample requests. So we are not surprised that, after only a few months, it is the most popular daytime sponsored show on the network, according to independent surveys.

Some radio "firsts" credited to Lord & Thomas (NAMES ON REQUEST)

It has been said that Lord & Thomas pioneered more new things in radio than all the other agencies combined. Those credited to us are listed briefly below:

1. *First Daily Radio Contest of National Scope*
Averaged 10,000 one-dollar sales a day for months.
2. *First Daily Network Strip Program*
Started a new commercial program technique.
3. *First to Rebroadcast Commercial Program*
Repeat same program late at night for Far West coverage.
4. *First Big Hit Variety Musical Show Sponsored on Network*
Set the pattern for big commercial musical production shows in radio.
5. *First Commercial Broadcast of Metropolitan Opera Series*
6. *First Commercial Series of Pick-ups of Foreign Dance Orchestras*
7. *First Sustained Commercial Series of Spot Pick-ups*
Artists and orchestras from all over the country on same program.
8. *First Authentic Police and Dept. of Justice Dramas*
9. *First in Number of Contest Returns*
1,800,000 forty-cent purchases in 2 weeks.
10. *First Chain Sponsorship of Football*
11. *First Network Daytime Serial Show to Women.*

Talent which was first sponsored or popularized nationally through us—Amos 'n' Andy; Bing Crosby; Eddie Duchin; Hal Kemp; Walter O'Keefe; Phil Cook; The Goldbergs; Rosario Bourdon; Donald Novis; Fred Astaire; Lum and Abner; Al Goodman; The Revellers; Walter Winchell; Jack Pearl; Clara, Lu and Em; The Cavaliers, and B. A. Rolfe.

LORD & THOMAS • advertising

There are Lord & Thomas offices in New York; Chicago; Los Angeles; San Francisco; Toronto; Paris; London
Each office is a complete advertising agency, self-contained; collaborating with other Lord & Thomas offices to the client's interest

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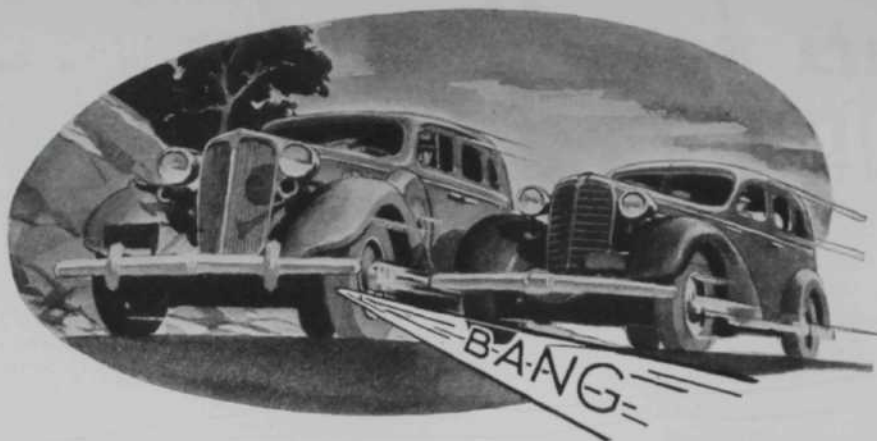
NUMBER 11

NATION'S BUSINESS • CHAMBER OF COMMERCE OF THE UNITED STATES

MERLE THORPE, Editor & Publisher

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If the fear of a BLOWOUT haunts you—here is the most sensible protection

THERE have been many glib claims in the past of blowout protection built in the tire itself, and without doubt, tires are safer today than they were in former years.

Yet so long as a tire is resilient—so long as it encloses air—some hazard of the road may tear or burst it wide open with your car traveling at high speed.

So Goodyear approached the problem from another direction—and figured *what would protect your life after a tire failure?*

You will find the answer to that question in the Goodyear LIFE GUARD* Tube — which prevents the sudden and complete escape of air by putting *one tube inside another.*

Thus, when a tire is ruptured — the air from the outer tube only escapes — and you ride in safety on the half-inflated tire, until a stop can be made.

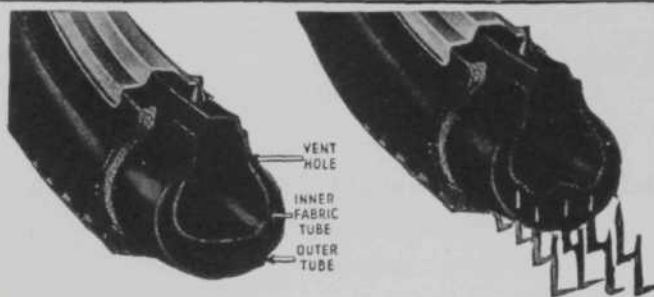
Instead of going flat instantly, the tire, even when it is torn wide open, rides like a slow leak.

It sounds simple, now that it is perfected. But it took over 1300 experimental designs before the LIFE GUARD* was developed — and hundreds of tires were deliberately ripped, torn, cut, blown open at high speed on test cars, to prove that this

principle actually works. *And not a single test car had an accident!*

LIFE GUARD* Tubes can be installed in your present tires. Your tires will ride, steer, look like they do with ordinary tubes, and inflate with a single valve. But, like safety glass or steel bodies, these tubes give priceless protection in emergency.

Naturally, their cost is somewhat higher, for their purpose is not to save money but to save life.



How LIFE GUARD Tube looks inside tire during normal driving

Casing and outer tube spiked to cause made-to-order blowout. Note that two-ply fabric-reinforced inner chamber remains intact. Car rides on this reserve air until it can stop in safety

LIFE GUARD TUBE

For Passenger Cars — Trucks — Buses

*LIFE GUARD is a trade-mark of The Goodyear Tire & Rubber Company, Inc., and is protected by patents applied for

THE GREATEST NAME

IN RUBBER

GOODYEAR

More People Ride On
GOODYEAR TIRES
Than On Any Other Kind

WHY ALLEGHENY STEELS ARE USED

A Matter of Avoirdupois

THAT TERSE old bromide "Time is Money" no longer has the field all to itself. It never did have, for that matter, but in the good old days of easy profits no one bothered unduly about the fact that *weight* is money, too.

In the last few years of that easy-money era several grades of Allegheny Stainless Steel were available to fabricators, but there weren't many occasions where they were used principally to save weight. No, it took straitened circumstances and a few years of forced cost-cutting to re-impress industry with the known but neglected fact that excess weight in roofs, building domes and other structural details was a source of needless expense in the cost of supports,—and that unnecessary poundage in mechanical parts, motor vehicles, railroad trains, etc., was literally eating off its head in wasted horsepower.

We have plenty of instances now where Allegheny Metal is in use largely because "weight is money." Building roofs, skyscraper towers, store fronts, truck bodies, airplane fuselages, streamlined trains,—these are the more spectacular applications. But equally important are the unsung uses . . . the cases where a vital part or two made of Allegheny Stainless reduced operating costs, added years to the life of a machine, gave the maker an edge over competition.

Does that suggest possibilities to you? If so, remember that one pound of Allegheny Stainless will do the work of three or four pounds of ordinary steel; that its clean, durable strength is protected by heat and corrosion resistance of a high degree; and that it is available to your use in every shape and form that steel can assume.

.

ALLEGHENY METAL—the time-tested stainless steel of universal application — is a product of **ALLEGHENY STEEL COMPANY**, Brackenridge, Pa.; who also manufacture electrical sheets, auto body sheets, metal furniture sheets, black sheets, castings, pipe, and boiler tubes; whose products are carried in stock by all Jos. T. Ryerson and Son, Inc. Warehouses, by Union Hardware & Metal Co., Los Angeles, and by American Brass & Copper Co., San Francisco, Oakland.

Allegheny Metal is licensed under Chemical Foundation patents 1,316,817 and 1,339,378.

ADVERTISEMENT

Through the Editor's Specs

What is Business, anyway?

THIS old world needs many things. It needs, for example, a primary, elementary, simple ABC course which might be called "An Approach to An Understanding of Business." What crimes upon ourselves and our children's children are committed because of our failure to cut through the fog of the present day talk about "business."

We hear that "Business is challenged to make jobs for the unemployed, or —"

Speakers echo the refrain on rostrum and radio, and writers discuss owlishly what is at once the "responsibility and opportunity of business."

We belabor, bedevil and exhort business in the abstract. The absurdity of our action would reveal itself if we reduced our thinking to the concrete. We challenge "business" to hire men. Why not challenge John Jones, the corner grocer, or Henry Ford.

"Mr. Jones, you must employ more people."

"You're telling me!" he would reply. "You think I wouldn't like to do just that! But I'm cutting all the pants out of this piece of cloth right now that I can. I'm ready, willing, eager to expand, to build, but I can't order it done."

Mr. Ford ditto.

Because the "power" of an abstract thing is built up in the public mind, a flood of unreal panaceas and penalties results.

Two million agencies, roughly, in the United States, corporations, firms and one-man enterprises, comprise the machinery for the exchange of goods, services and labor. They are in sight daily on every hand. Try out your theory as to what "business" should or shouldn't do on one of them. The experiment, realists have found, is illuminating, and productive of wisdom.

Again, in Our Approach to An Understanding of Business, we should look realistically at the unemployed. We have heard—God save the mark

—for so long now about the "10,000,000 walking the streets eagerly looking for work." We picture 10,000,000 earnest men who formerly worked 300 days a year. With this distorted picture constantly before us, we make our plans.

A curious but realistic official recently completed a study of 100 unemployed men on relief. Twenty case workers spent 60 days checking up the work activity of these 100 men from 1920 to 1930. They found, during these years when "Help Wanted" signs were out everywhere, the average man in the group worked only 27 days of the year. Some 100 days, others not at all.

Why?

Some were congenitally opposed to labor, vagrants by choice. Some, physically incapable of a day's work. Some, mentally unable to keep at it. Some, ne'er-do-wells, careless and without pride or ambition. Others, willing, with a liking for work, but unresourceful. Definitely, two groups, the unemployable, and the employable.

Voluntary and local relief formerly did a pretty good job of discriminating. Business always did its part. To insist that 10,000,000 employable and unemployable be put to work by "Business" is another mare's nest. The sooner we distinguish charity cases from work cases, the sooner shall we find the correct answers.

Which recalls an incident described by Ralph M. Shaw, in an address before the Georgia Bar Association. He said:

Some months ago an attractive young man came into my office in Chicago and presented his card. In the lower left-hand corner there appeared the words, "Special Representative of the Honorable Robert M. LaFollette, Senator from Wisconsin." I don't know whether Senator LaFollette sent him or not, but the gentleman said he did.

After the amenities of the occasion were over, he said he had called to enlist me as one of a group in Illinois to sponsor Senator LaFollette's social propaganda in my State.

Upon inquiry as to the nature of his program, he said: "Senator LaFollette has a number of planks in his program, to the first of which, I am sure, you will

Lower Manhattan Commerce Center

HUDSON-VARICK STREETS



CREATIVE MANAGEMENT

● Good management is more than mere routine—more than leasing space, buying equipment and supplies, and collecting rent.

It is a personal, almost professional service, involving a careful, detailed study of the needs of the various businesses served. Its greatest contribution is the careful selection of tenants for the most suitable housing space. Being housed in a good building is not enough. To this must be added the advantages of selection and management by those who conceived its use.

These are the principles upon which the forty modern business buildings comprising LOWER MANHATTAN COMMERCE CENTER are rented and managed. Every feature of construction and operation is consistent with the high type of tenantry "COMMERCE CENTER" attracts.

These buildings provide space to meet every business need—space for light and heavy manufacturing, warehousing, merchandise display, laboratory testing, sales, shipping and executive and clerical offices.

It is the purpose of the management policy applied to these buildings to help tenants capitalize on the unique opportunities offered for scientific grouping of departments and simplified operation of entire businesses on one site. In this way, intelligent co-operation with tenants and efficient service are assured.

Space may be made available in the very smallest units as well as units of 60,000 square feet on a single floor, or 500,000 square feet and more in a single building.

Full information will be gladly supplied on request.

Managing and Renting Agents



157 CHAMBERS STREET, NEW YORK CITY

(This is one in a series of advertisements on Lower Manhattan Commerce Center.)

agree. The first is: Every man has a right to a job."

I asked, "Are you using your terms advisedly?"

He repeated, "Certainly. Every man has a right to a job."

"Well," I said, "to me rights connote 'duties.' It is inconceivable to think of a right without a correlative duty. If every man has a right to a job, then it is somebody's duty to give him a job, because 'rights' are enforceable against those who owe 'duties.'"

Continuing, I said, "Here is a supposed stranger at the door. He wants a job. Is it your duty to give him a job?"

"Certainly not," was the answer.

"Well," I asked, "is it my duty to give him a job?"

"Certainly not," was the answer.

"Well," I said, "don't we (you and I) fairly represent a cross-section of society? Whose duty is it to give the stranger a job?"

"No," I said, "a man, by his own energy, intelligence, thrift, tenacity of purpose, enterprise and all of the other virtues which go to make men efficient, must get a job for himself, if he can. A decent and desirable society can never survive by imposing duties where there are no correlative rights or *vice versa*."

The business man can put more men to work by doing more business. He can do more business if allowed to bring down prices through the competitive spirit which broadens and widens markets. The dead weight upon family budgets is not of his making. The resistance to buying comes from external forces beyond his control, forces which exact revenues in ever-increasing stint from trade and industry. Once the screws are applied to business, the pressure is felt all along the line. What "the rich" suffer in the political efforts to shrink their fortunes is as nothing compared to the situation of the poor and the middle class caught between the ravening jaws of higher prices and heavier taxes.

Unfortunately for the people, prices have a higher visibility than taxes. Were it generally understood that the former proceeds in large measure from the latter, and that, for example, two-thirds of the federal revenues this year have been derived from indirect and invisible taxes, the fact that the people of small means are paying the cost of government would provide its own urge for exploration in the public interest. Of a total of 3.8 billions in revenue, only about one billion was turned in by the income tax. The rest came from the so-called taxless folks, no less certainly, if indirectly, because they paid through the nose.

The use of bigness

WITH the third quarter dividend checks mailed to the 36,000 stockholders of the Chrysler Corporation went a letter written by the chairman of its board, Walter P. Chrysler. "Dividends," he said, "are paid out

of earnings which, through prudent management, the corporation has been able to set aside, after paying the cost of carrying on the business."

How well management has done its job is suggested by the fact that in ten years the company rose from twenty-seventh to third place in the automobile industry. What it did with the \$2,590,000,000 received in that period from the sale of its products reveals at once the place of the business in the nation's economic life and the stimulation of business through the immediate distribution of its income.

\$1,790,000,000 was spent for materials, general expenses, and advertising.

\$490,000,000 was paid in salaries and wages.

\$111,000,000 went to new facilities, machinery, tools, dies, and the like.

Taxes took nearly \$71,000,000.

Bondholders got \$84,000,000 in interest and principal.

Stockholders received about \$79,000,000.

Vision for the ages

SELDOM have we printed anything that has brought such messages of commendation as Judge Maxey's "What the Constitution Means to the Citizen." It is a healthy sign when busy men and women refresh themselves as to fundamentals.

The Constitution may never become a regular study for the practice of citizenship. If it were, we should realize that the issue today was anticipated in 1787, that the men who launched the ship of state foresaw the dangers of navigation. A current idea that they regarded the Constitution as sacrosanct is as puzzling as it is fantastic. Ten amendments, constituting the Bill of Rights, were promptly proposed by the first Congress and ratified by the states. In all there are 21 amendments—an average of one every seven years.

It was not the orderly process of change that the statesmen of the new nation feared. Their concern went deeper. So clear and understanding was their vision that they were able to define the very issue about which the campaign of 1936 seems likely to center. How well they read the future of their country is clearly revealed in Washington's farewell address, September 17, 1796—

The spirit of encroachment tends to consolidate the powers of all the departments in one, and thus to create, whatever the form of government, a real despotism.

If, in the opinion of the people, the distribution or modification of the constitutional powers be in any particular wrong, let it be corrected by an amendment in the way which the Constitution designates. But let there be no change by usurpation; for though this in one instance may be the instrument of good,

SHE MADE THE TEST WE SUGGESTED AND REPORTS:

*"With this
new voice clarity
Dictaphone now saves
more time than ever!"*



It was the offer we made in the June 3rd issue of Time. She asked the sales manager, for whom she worked, if she might compare the new B-12 and its *Nuphonic Reproduction, with the seven-year-old machine she was using.

Her enthusiasm for this new product of Dictaphone engineers is duplicated in thousands of offices where the test has been made. When secretaries hear the clear, clean-cut, natural tone of Nuphonic Reproduction, they marvel at this new transcribing instrument.

Ask your secretary to use this new B-12 in your office on your work. An hour's use will prove more than anything we might say about it. Simply phone or write the Dictaphone office in your city and request the loan of a stock machine, at no cost to you. Do it TODAY.

THE NEW B-12

DICTAPHONE

The word DICTAPHONE is the Registered Trade-Mark of Dictaphone Corporation, Makers of Dictating Machines and Accessories to which said Trade-Mark is Applied.

*Nuphonic Reproduction—a new development of the Dictaphone laboratories—gives a new standard of voice clarity such as secretaries have never before experienced.

Dictaphone Sales Corporation
420 Lexington Avenue, New York, N. Y.
In Canada—137 Wellington St. West, Toronto

NB-11

☐ I want to see your representative.
☐ Please send me your Nuphonic Progress Portfolio.

Name
Company
Address

"Go INTERNATIONAL"

... Sound Advice FROM THE USER

BEAUTIFUL APPEARANCE sells many Internationals—but what makes and holds the great legion of International owners is far more than appeal to the eye.

International has not only built TRUCKS for 30 years; it has built REPUTATION for a quality product that people *know* can be counted on to deliver hauling economy spread over long mileage. The longer you look into what it takes to make lasting low-cost truck performance, the more you will be pleased with Internationals.

International Truck sizes range from Light-Delivery to powerful Dump and Tractor Trucks, starting with $\frac{1}{2}$ -ton 6-cylinder chassis at

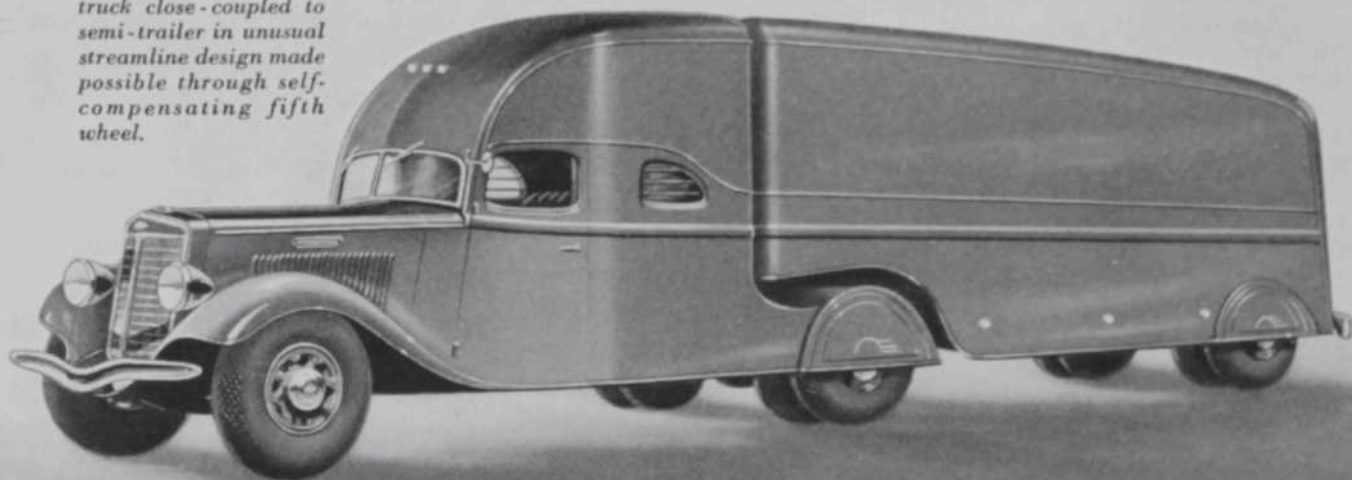
\$400

f. o. b. factory

Your most reliable guide when you buy trucks is the good opinion of truck owners and truck drivers as to *International against the field*. Be guided by fundamentals. Depend on rugged International Trucks and on the protection afforded by the world's largest Company-owned truck service organization. Solve your hauling problem by International investment and free your mind for other problems.

INTERNATIONAL HARVESTER COMPANY
606 S. Michigan Ave. OF AMERICA
(INCORPORATED) Chicago, Illinois

International 4 to 5-ton truck close-coupled to semi-trailer in unusual streamline design made possible through self-compensating fifth wheel.



INTERNATIONAL TRUCKS

it is the customary weapon by which free governments are destroyed.

Benefits with a string

WHO are the real beneficiaries of the AAA adjustment program is no riddle to Dr. C. W. Burkett, Ohio farm owner and vice president of the Farmers' Independence Council of America.

For answer he gives "the army of bureaucrats." What he says about the situation in New York defines his feeling:

To collect the processing taxes in the state of New York costs nearly twice the amount of benefit payments made to the farmers. Although New York is a great agricultural state—one of the ranking six in the country—the farmers of that state in 1934 were paid benefit gifts totaling only \$384,519.92. But to collect the processing taxes in New York State, the sum of \$634,661.17 was expended. Bureaucracy got a quarter of a million dollars more than the producing farmers.

While the farmers of one of the largest agricultural states in the Union were receiving AAA benefit payments of less than \$400,000, the citizens of New York State paid processing taxes into the Treasury of the United States totaling \$89,528,000 in 1934—\$89,000,000 more than the farmers received. Benefiting farmers, indeed!

Along with the idea of voiding the bounties of nature, the new economics on the doctor's showing seems in a way to plough under the farmers' freedom as well. It is one of the oldest political maxims that liberty is a plant of rapid growth. Yet it was also declared in the formative years of this nation that liberty is given only to those who are always ready to guard and defend it. That the plough should ever come to be viewed in America as a symbol of destruction is as astonishing as it is alarming.

Showmanship in business

ATTENDANCE records turned up by the turnstiles at great sporting spectacles are widely viewed as harbingers of returning prosperity. When 83,000 people can and do pay an aggregate of \$948,000 to see two fighting men trade blows in a 24 foot ring, the event makes front page news for a nation. That business also has exhibitions which attract capacity crowds is a solid and durable fact that provides its own emphasis of importance.

For example, we cite the national machine tool show at Cleveland, the first in six years. More than 40,000 visitors, many of them top executives in large scale industries, came to see what was what and what was new.

Nine hundred machines, valued at \$3,000,000 and representing 600 types of primary machinery—ma-

chines that produce other machines—were on view.

Wherever there is progress in mechanized industries, it can be traced in large measure to the forward-looking of the men who have made precision manufacture, straight line assembly, and interchangeable parts representative of American practices.

Automobiles, refrigerators, radios—to name only three beneficiaries of improved machine design—have been able to offer more and more for the consumer's dollar because the machine tool men have consistently believed that competition is no better than its equipment. It takes no efficiency engineer to discover that products intended for 1936 markets cannot be economically made with 1928 factory layouts.

Righteous cooperatives

ELSEWHERE in this issue an industrial leader voices his protest against setting up a Socialist Church in the place of a Church of Christ. The Federal Council of Churches in June of this year took the consumers' cooperative into its arms saying that cooperatives provide "a form of economic organization which is in keeping with the Christian ideal of brotherhood. . . . For Christians the great thing about the cooperative movement is its spiritual possibilities—the fact that it offers a technique for practicing brotherhood in our economic life."

The Rev. E. Stanley Jones goes further. He says that the Christians who are interested in the building of the Kingdom of God should start immediately to build cooperatives of every sort.

"Consumers' cooperation," says Horace Kallen in the Christian Century, "is more likely than any of its rivals to enable all men to live the good life." As rivals he lumps capitalism, fascism and communism.

To serve Christ, then, substitute a cooperative shop for the individual merchant fighting to make a living and rear a family.

"Watching Washington"

RAY TUCKER, well-known Washington writer, "Watches Washington" for us this month. Mr. Tucker has been a Washington observer for 11 years, as correspondent for the New York Evening Post, as national political commentator for the Scripps-Howard newspapers, and later as a writer of a weekly article for *Collier's* magazine on political and governmental problems and personalities. He was author of a best seller, "Mirrors of 1932."

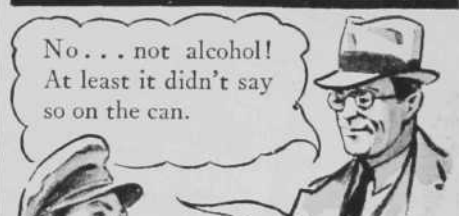


All right... but it won't need any. I just put some in last week.

Well... it's not there now! What did you put in? Alcohol?



No... not alcohol! At least it didn't say so on the can.



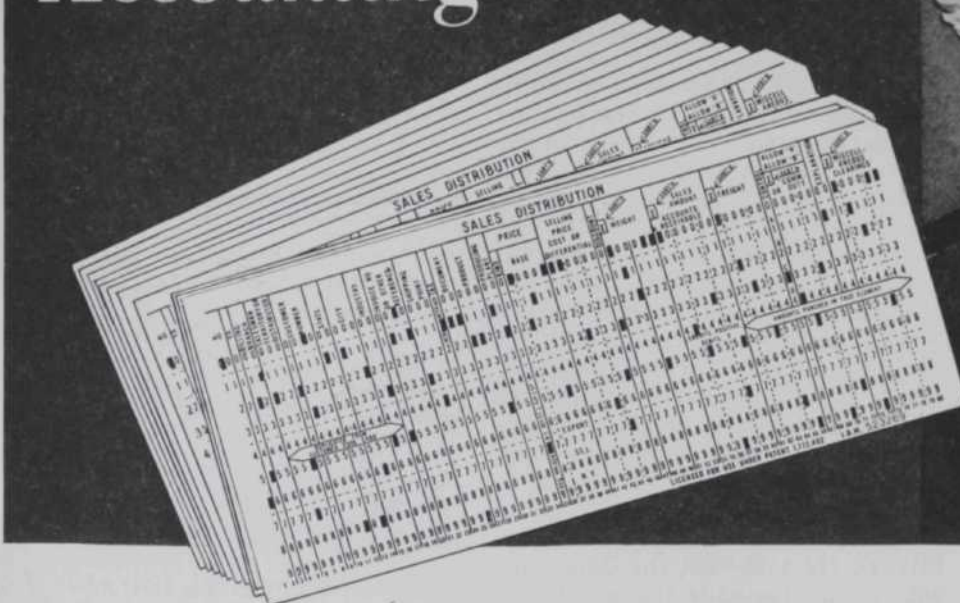
That's the trouble. Most anti-freezes

are based on alcohol, but they don't usually say so on the label. And of course alcohol evaporates, no matter what it's called or how it's fixed up! That's why we recommend only one anti-freeze... Eveready Prestone. We know that won't evaporate because there isn't a drop of alcohol in it. If you'll let me put Eveready Prestone in the radiator now... you can forget freeze-up and rust for the rest of the winter.

Don't confuse Eveready Prestone with alcohol or glycerine. "One shot" of Eveready Prestone will protect your car against freeze-up and rust all winter long. It won't boil off or evaporate. It has no odor. This year—thanks to largest sales in history last winter—Eveready Prestone is lower than ever in price. A chart on page 49 shows how little it will cost for your car.

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Forging Our Own Chains

NEW definitions of "the public welfare" and "the blessings of liberty" have issued from Washington in bewildering volume and variety. Boiling down the enormous grist of legislative and administrative mills, the direction of public policy is clear—and disturbing. The tendency is "to press down upon the country something like a fine wire mesh of regulation of all the people."

Controls which would have seemed unthinkable three years ago are now puzzling realities. Whether the preachment is "the more abundant life" or "social discipline," the program is to rule from Washington. Government with a big "G" assumes that something in the Potomac atmosphere transforms mortal men into supermen, creates a race of human beings impervious to the ambitions, aspirations, pettiness and ineptitude that move the rest of us.

How the Messianic urge nourishes and multiplies its functionaries as well as its functions is at once the wonder and despair of democracies. Lord Bryce, who observed American ways from his post of British ambassador, once remarked of the federal system in this country that it had the advantage of setting up 48 different laboratories where social experiments could be pursued without involving the whole people. That traditional idea of American government is undergoing a profound change.

Bewildered and dazzled as the people may be by the many variables in plans put forward in the name of reform and recovery, two constants remain—human nature and politics. It takes no cynic to see that the number of heads at the public crib increases as the national campaign approaches. Official figures show the trend. In July the public pay roll, exclusive of the legislative, judicial and military establishments, increased by 12,057 names, making the aggregate total 729,769. The average monthly pay roll is \$111,000,000, an annual pay roll of \$1,332,000,000. Nor does this include the many

thousands indirectly on the federal pay roll not under Civil Service. The addition of 568 auditors in the General Accounting Office emphasizes the growth of our federal ruling class.

The money cost is ominous. Yet the larger cost is the degree to which liberty of the individual is involved. As an example, in one field alone, the 500 odd codes invalidated by the Supreme Court's decision included more than 10,000 separate ways in which a citizen could be haled into the criminal courts. Authority has an insatiable appetite. Centralized control must take in more and more territory. As Professor Lionel Robbins puts it, "Once governments start to control important branches of industry, if they are not willing to reverse the whole line of policy, there is no stop to this process short of complete socialism."

Already the movement has advanced on a wide front of economic activities. "Potato control" is a necessary consequence of controls in 11 other farm fields. Compulsions have a way of following "models" and "yardsticks." No area of American life is immune. Agriculture, power, railroads, banking, and coal are simply exclamation points in the progressive applications of regulatory pressure. Not only many of the dollars, but also much of the energy of private enterprise is wasted in the mazes of federal control. More sinister is the under-cutting of independence for the individual, from which flows creative enterprise. There is grave danger of trading a birthright for dubious "benefits."

The vital question is not who will rule America, but who will represent America. Shall we nurture a class-conscious breed of experts to plan every man's life, or shall we, as in the past, count upon the native intelligence and common sense that have always been credited to America?

Merce Thompson



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M I M E O G R A P H





The Strangulation of Trade

By STERLING E. EDMUNDS

of the St. Louis Bar

BEGINNING a discussion of the methods by which Government, under the plea that it is helping the people, is actually destroying what has made this country the envy of all others

IT IS an ominous commonplace that the freedom and self-reliance of the individual citizen are today more honored in the breach than in the observance. In place of the original conception of the scope and power of government, we behold an alarming caricature.

We see government perverted into a universal meddler and regulator of all our affairs; an oppressor of private trade and industry under an imported system of restrictions and prohibitions imposed by administrative edict; a controller of the crops on every farm, prescribing what and how much may be grown; and a plunderer of the industrious through extortionate taxation with which to pamper the shiftless on a scale calculated to pauperize this generation, and to discourage, if not make impossible, the further creation of wealth in this country, upon which the well-being and progress of all depend.

The vast augmentation of power in the Federal Government is menacing, not only all of the spiritual values of civil liberty which we have enjoyed as a free people and without which man descends to the level of the brute, but it is also destroying those marvelous material values of our economic system, built up by the unrepressed and unfettered energies of the people.

Through unhampered trade and industry, the material well-being of the American citizen has been advanced beyond that of any people ever known to history. Until the end of the last century, the Americans were virtually the only people not saddled with a meddlesome government of unlimited power. Their en-

ergies had free play. Everywhere else a paternal government, ostensibly to promote the well-being of the people, was imposing on commerce and industry all manner of restrictive laws which only worked to their injury.

Today, with an arrogance and stupidity characteristic of these old world governments, the Federal Government, in the name of progress, is pursuing the ancient policy of repressing trade and industry. This policy is effectuated through federal boards, bureaus and departments empowered to impose any senseless regulation or requirement upon private business. Power of life and death over commerce and industry is thus placed in the hands of men largely without knowledge, experience or ability.

Congress hurts industry

THE periodic meetings of Congress have become occasions of genuine alarm to all engaged in trade or industry, to all possessed of any property, since every session brings its new laws narrowing the rights of private property and the free field of private industry and expanding the scope of federal regulation. This process, going steadily forward, gives rise to many evils. It discourages capital from entering new enterprises, it intimidates those at the head of our business institutions whose very ex-

istence may depend upon the whim of some federal bureaucrat. It transfers thousands of citizens annually from the private responsibility for earning a living to the spiritless comfort of public support.

Excessive regulation of private and quasi-public enterprises is an evil of such magnitude as already to have halted the progressive creation of wealth in this country; but, not content with that, the Federal Government is using the taxpayer's money to destroy him as a competitor. It is now in competition with private business in not less than 200 fields of endeavor.

The founders of our peculiar system of limited government, having just thrown off the irksome tyranny of the mother country, were determined that no such system should rise in this land. They knew the frailties and ambitions of man and his love of power. They realized that political power is the most persistent, the most insatiable force in human society, and, if not checked, the most dangerous. They knew that the problem of preserving liberty in America was the problem of placing and maintaining limits upon government power.

And so they formulated a written Constitution with limited, definite and enumerated powers, while solemnly reserving to the people in their several states all other powers not delegated to the Federal Government. As Thomas Jefferson said in that early day:

It would be a dangerous delusion were a confidence in the men of our choice to silence our fears for the safety of our rights; that confidence is everywhere the parent of despotism; free government is founded in jealousy and not in con-

fidence; it is jealousy and not confidence which prescribes limited Constitutions to bind down those whom we are obliged to trust with power; our Constitution has accordingly fixed the limits to which, and no further, our confidence may go.

Checks and balances

THE framers of our system not only divided it into three co-equal and co-ordinate departments—the executive, the legislative and the judicial—as checks upon each other, but to the Congress they gave only 18 specific powers. Further, they provided for a Supreme Court with power to declare void all acts beyond the limits they had fixed. And in one of its very first decisions this Supreme Court said:

The powers of the legislature are defined and limited; and that those limits may not be mistaken or forgotten, the Constitution is written. To what purpose are powers limited and to what purpose is that limitation committed to writing, if those limits may at any time be passed by those intended to be restrained?

Not only are the powers of the Federal Government strictly limited but Congress is strictly prohibited from violating the personal, domestic and property rights of the citizen. What the founders sought to prevent may be seen in the severe indictment which Buckle, in his "History of Civilization," brings against England, the least despotic of all old-world governments, in its legislation in the first half of last century. He says:

In every quarter and at every moment,

the hand of government was felt. Duties on importation, duties on exportation; bounties to raise up a losing trade, and taxes to pull down a remunerative one; this branch of industry forbidden, and that branch of industry encouraged; one article of commerce must not be grown because it was grown in the colonies; another article might be grown and bought, but not sold again, while a third article might be bought and sold, but not leave the country. Then, too, we find laws to regulate wages; laws to regulate prices; laws to regulate profits; laws to regulate interest on money; custom-house arrangements of the most vexatious kind, aided by a complicated scheme, which was well called the sliding-scale—a scheme of such perverse ingenuity that duties constantly varied on the same article, and no man could calculate beforehand what he would have to pay.

That this burden was made intolerable by the exactions of official zeal ostensibly exercised to promote trade and industry the historian eloquently reveals—

To this uncertainty, itself the bane of all commerce, there was added a severity of exaction felt by every class of consumers and producers. The tolls were so onerous as to double and often quadruple the cost of production. A system was organized and strictly enforced of interference with markets, interference with manufactories, interference with machinery, interference even with shops. The towns were guarded by excise men and the ports swarmed with tide-waiters, whose sole business was to inspect nearly every process of domestic industry, peer into every package and tax every article; while, that absurdity might be carried to its extreme height, a large part of all this was by way of protection;

that is to say, the money was avowedly raised and the inconveniences suffered, not for the use of the Government, but for the benefit of the people; in other words, the industrious classes were robbed in order that industry might thrive. To such heights has this been carried that the commercial reforms which have distinguished England during the past 20 years have solely consisted in undoing this mischievous and intrusive legislation.

Such are the economic ills with their attendant moral evils of smuggling and bootlegging, which all meddling paternal governments bring upon a people. These evils are now for the first time being inflicted in full vigor upon the American people, many of them sugared with a species of bribery to make them less unpalatable. It is not only a filching of the liberty of the citizen, but it is a corruption of his character. Unless he repels it, he and his posterity will suffer the same degradation and servitude which is the lot of nearly all other peoples on the earth; and the noblest effort ever made by man to govern himself without a master will have been brought to failure.

The Federal Government first ventured into the bureaucratic regulation of business by way of the Interstate Commerce Commission. From authority to prescribe "reasonable" rates, the Commission's powers were extended until it obtained complete authority over operations, profits, wages, financing, everything;

(Continued on page 64)



A paternal Government, ostensibly to promote the well-being of the people, is imposing on commerce and industry all manner of restrictive laws which work only to their injury

CHARLES DUNN

Watching Washington

RAY TUCKER Reviews the Washington Scene

Dear Bill: I think you're wrong. You've been misled so many times that you're cynical and sensitive. I believe the President actually thought he could give you a "breathing spell" when he made his famous and much-publicized promise to Editor Howard. Mr. Roosevelt, I happen to know, is too smart a politician not to realize that a dash of black on your ledgers won't hurt him in 1936. Black's a winning color, politically.

Now you write me that he has modified and hedged on his contract, and you want to know where it leaves you. I agree with you, but I don't follow you in blaming him entirely. He simply promised something he could not deliver, no matter how sincerely—and selfishly—he may want business to carry the recovery bag between now and November, 1936.

The trouble with you, Bill, and with most of your friends is that you don't think straight about the relationship between government and business. I suspect that the President makes the same mistake.

You seem to look on "government" as a vast, impersonal machine which operates automatically, without personal influences, passions and weaknesses, which can be turned on and off like water pouring out of a spigot.

You think—and so does the President—that what you vaguely call "government" can walk off and leave you alone with your customers' orders and complaints and your cash balances—or deficits—whenever it chooses. That, I imagine, is what you expected the "breathing spell" to be. What you must get through your head is that "government"—this Administration or any other—consists of a group of politicians who did not become blessed with all wisdom or virtue simply because they got more votes than the other crowd.

"Government," and especially the kind we have today, is the most perfect example of perpetual motion—and emotion—that exists. It never sleeps or sits down. Paste those simple reminders on your cash register.

No "Breathing Spell" in Sight

OF COURSE, you think you're entitled to a rest from governmental restraints and prohibitions and interference. You tell me that you have lived up to code standards of wages and hours and working conditions, and you note, a bit ironically, that even Don Richberg agrees to that. You also note that now the Administration calls upon you and your friends to step up and underwrite the Government's recovery pledges. You say you can't reconcile these belated bouquets with his warning that he will ask for new industrial controls if you don't continue to "behave" according to his ideas. And you want to know where all these conflicting statements leave you. It's a fair question.

They leave you as you were. What you've got to realize is that there can't be any "breathing spell." There are many excellent reasons. Let's talk about a few of them. I don't have to remind you that the last session of Congress passed a batch of the most complicated, confusing and far-reaching laws in the history of laws and legislatures. They multiply federal contacts with every kind of business or industry. I'm thinking of such

measures as the Guffey Coal Act, the Labor Relations Act, the 1935 Banking Act, the Holding Company Act, the Social Security Act, the AAA amendments and others.

New Deal Laws Still a Puzzle

THESE laws, I find, are quite different from most legislation that has gone before. In the old days you and I could discover almost immediately how new statutes affected your personal and business affairs. You didn't have to hire a hall or a lawyer to find out what you could or could not do without paying a fine or going to jail.

But most of this new legislation—we've talked about this before, too—amounts to a general charter—a blank check. Before it can become effective, it must be underwritten by volumes of regulations drafted at the discretion—sometimes the political whim—of administrators. The law that meant one thing to the legislators who introduced it and voted for it may mean something entirely different to those who will execute it. Then again, we won't know precisely what it means until the courts have passed on it, and even my New Deal friends concede that several measures won't stand up under the judicial microscope.

Meanwhile, the experts are writing and rewriting administrative provisions until their fingers ache. They have been framed and reframed many times and some will not be in final form for months. Not until they are formally and finally approved will you know what the law has to say about how you shall run your business. They will be constantly revised in the light of experience and changing conditions. The last check shows that 5,000-odd conferences have been held in Washington since March, 1933—you probably attended many of these bureaucratic conventions—and each gabfest hatched a new regulation or repealed an old one.

Some laws may not even be enforced. They may be conveniently forgotten—remember the silent treatment they gave the Potato Act until Senator Josiah Bailey hopped a train to file a protest with Secretary Wallace. The Administration has a habit of choosing those laws it will execute and those it will chalk up as congressional mistakes—and forget.

Personnel May Change

THAT'S not the end of it. New officials will be named to administer these novel laws from time to time, and their views will undoubtedly differ from those of their predecessors. That has always been the story. The pay roll turnover at Washington is frightful—remember Warburg, Rogers, Johnson, Acheson, Moley and Thorp. Even subordinates are hired and fired at a rate that would bankrupt any private business.

There is no continuity of policy or personnel, as any New Dealer will admit in moments of frankness. There is hardly an experiment which has not undergone forced or voluntary modifications, not once but many times. I don't expect the system to change simply by presidential fiat. It can't. Washington is a maze of undecipherable

laws and administrators squabbling among themselves. Ask Peter Grimm, the newest "coordinator."

There is another disturbing factor which you mustn't overlook. The last Congress authorized 17 investigations—a record number, I believe—of industries, processors, railroads and banks. Perhaps you congratulate yourself that none of these inquiries touch you. You don't see an army of federal accountants, lawyers and engineers parking in your office or storeroom, confiscating current books to discover how much money you are making—and why.

But don't fool yourself. These investigations affect you, your competitors, your customers. You're a unit in what you call "business," and so am I—so is everybody. You can't touch one part without touching another. If you can't get an order filled on time from a manufacturer, or if your bank is slow in negotiating a loan for you, don't cross them off your list. They may be playing host to official visitors from Washington.

Supreme Court May Speak

YOU ask me what the Supreme Court will do to all these new laws, and how the Court's action will affect your long-time plans. I can't tell you, and I doubt if any lawyer can. The best of them disagree, no matter what you hear or read. But some of my New Deal friends tell me they're shaky about the Guffey Act, the Labor Relations Act and some of the AAA amendments.

I can tell you this, though. If the court knocks out the major props of the New Deal, the Administration will rush to repair them, as it did last spring. It will set the "brain trusters" to drafting new laws and legalizing amendments, and that, of course, will drag out the suspense you want to see ended. The President has already tipped his hand by telling us that he will seek a substitute for the processing tax if it is outlawed.

He has also told us that he will demand new industrial controls if business and industry permit a large-scale breakdown of code standards. You would like to know what form that would take. Well, not even the President's smartest advisers have found a way to hatch another Blue Eagle, and I don't think they know how. In fact, I don't believe it's possible under the narrow definition which the Supreme Court has placed on the "interstate commerce" clause of the Constitution.

May Replace the NRA

THE only practical, political substitute seems to be the Walsh bill, which applies NRA standards to firms which obtain government contracts. The Senate passed it at the last session, but the House balked after some of your friends testified that it would prove costly and unworkable. The President, you remember, said that it would affect only one per cent of industry (that was when he wanted to emphasize the effect of the NRA crackup), but my informants tell me it would be nearer 90 per cent. They point out that several thousand articles of manufacture go into the making of a ship, and that the maker of each piece of equipment—from bow to stern, engine-room to the mast-tip—would have to abide by code rules if it were a government vessel. A factory would have to establish different sets of hours, wages and working conditions, depending on whether it were filling a government or private order. How would that work out in your shop?

I don't pretend to be a prophet, Bill, but the best judges don't look for any real move to revive industrial controls in January—not even the Walsh bill. It is possible that business conditions may be improving so rapidly that Congress will hesitate to tamper with them. All reforms become unpopular if and when smoke pours

out the factory chimneys. I don't think that Congress will be in a mood to enact any restrictive legislation, even if the President asks for it. I imagine that the legislators' talks with the home folks during the recess will convince them that the people want a "breathing spell" on their own account. And what the people want counts a lot in a reelection year. Politics will rule the roost. Never forget that.

Other makeshifts for NRA are not panning out so well. The Federal Trade Commission's voluntary agreements have no real compulsory force and few industries are signing up. They waive the antitrust laws only to a limited extent. They permit members of an industry to "conspire" to bar unfair trade practices and to uphold the wages, hours and working set-up that prevailed under NRA. The O'Mahoney bill, which proposes a licensing system embodying the codes, seems to have no official status or support. New Deal legal sharks believe that its machinery is too cumbersome. The thing to keep in mind is that, if the Administration feels it needs a new grip on industry, it won't hesitate to ask for it.

New Boards in Egg Stage

YOU ask how all these new boards are getting along—how they will operate and when. That's a hard question because they are plowing ground which the Government has never furrowed before. The Labor Relations Board is taking its time, approaching its job slowly and carefully. Chairman Joseph W. Madden is a thoughtful, slow-spoken chap, and he doesn't intend to jeopardize this new experiment—he believes in it sincerely—by hasty action. He says he will remain within constitutional boundaries by handling only disputes "interstate" in nature. Of course, the law does not permit him to do otherwise, but what I mean is that he isn't putting his chin out. In fact, he has shown such caution that some labor leaders don't like it. But William Green, President of the American Federation of Labor, has prepared a pamphlet in which he urges his followers to exhibit restraint and submit only *bona fide* cases to the board.

Administrators of the Social Security Act are also doing spade-work. They have no funds and are working in borrowed offices and with a borrowed staff. They cannot begin to operate for many months, anyway. The states must first adopt welfare legislation which complies with the standards set up in the federal law, or revise existing systems so as to fit into the new, nationwide pattern. For the present, board members and technical aides are advising states on how to frame necessary legislation.

The Guffey Board's immediate task is to fix code standards for various mining regions and to set prices for the different fields. From an administrative standpoint, the experts say that the new coal czars have about the most difficult job in all the New Deal setup.

You wonder whether there will be any serious labor troubles. Frankly, I don't think so. I don't agree with the pessimists who predict an immediate period of unrest. I realize that improving economic conditions usually provoke industrial disturbances, and that labor leaders have their hands full in maintaining their leadership against extremists and "communists" in their ranks.

But Mr. Green and John L. Lewis, President of the United Mine Workers, have staked their political position within organized labor on the Administration. They have got about everything they asked of Congress and the White House, and now it is up to them to justify this strategy with their followers. A series of major strikes might seem to dull the edges of the weapons which they sharpened so enthusiastically—the Guffey and Labor Relations statutes.

On its side, the Administration is desperately anxious

to prevent strikes from handicapping the hoped-for recovery. It counts on Messrs. Green and Lewis to sit on the labor lid in return for sundry favors. It showed its determination to preserve industrial peace, if possible, during the wage conferences between bituminous operators and miners. Ed McGrady, Assistant Secretary of Labor, warned that striking miners would be fed with relief funds. He also threatened to name the men responsible for blocking an agreement.

I think the odds are in favor of comparative calm in this field, with the possible exception that radicals in some unions, especially marine and allied groups, may get out of control again.

Tax Promises

Mostly Political

YOU tell me that you are worried about taxes, and you ask whether you can put any stock in all this talk about smaller deficits, balancing the budget, no additional taxation, diminished relief rolls. I'm afraid it's mostly for political consumption. But let's try to look at the picture of federal finances without prejudice, as we'd squint at our own bank statement.

I grant that Mr. Roosevelt would like to reduce expenditures and keep taxes down, if only because it is the best kind of presidential politics. He knows that terrific relief and emergency outlays are costing him votes—more than any other issue—and may bring a day of heavy political payment. He is also making a virtue of necessity, for his congressional leaders have told him they will insist on cutting the regular and emergency budget for the 1937 fiscal year.

But you can find several "if's and and's" in the President's promise that no new taxes will be needed because of diminishing expenditures and increasing revenue. He qualified his promise by saying it could be kept only if Congress makes no extra and unplanned drain on the Treasury. But everybody expects Congress to pass a bonus bill necessitating an outlay of between \$2,000,000,000 and \$3,000,000,000. There will be many other "gimme" requests, and they will be granted, because generosity to organized groups at the expense of you and me becomes a political virtue in a reelection year.

The President also said, though he didn't emphasize it, that new forms of taxes or increased rates would not be necessary to finance "annual," governmental operations. But emergency appropriations are not "annual" appropriations any more—we have two budgets now—and existing taxes will not meet another large WPA or PWA appropriation, unless through further recourse to the expediency of piling it onto the public debt. Most people I talk to think that another work-relief fund—at least \$2,000,000,000 for 1937—is inescapable.

There is still another question that hasn't been fully developed. The President warned that, if the AAA processing tax is held invalid, "we will have to face the problem of financing existing contracts for benefit payments out of some form of new taxes." He seems to mean that, even if the Supreme Court nullifies the processing tax, he will keep on with benefit payments already contracted for. How he can escape levying new or higher taxes under those circumstances baffles the experts.

Somebody must foot this bill some day, and we're going to pay high. I have always thought that the one brutally lucid and realistic moment the last Congress had was when the Senate Finance Committee lifted the curtain and permitted us a peek at what the ultimate cost will be to the taxpayers. I refer to the La Follette rates that were set up on Saturday and knocked down on Monday. They more than doubled my ante and I suspect that you fared worse.

I can offer you only one solace, Bill. I never heard of politicians raising taxes a few months before they ran

for office again. They will allow you a political moratorium until—say—1937, hoping you will have forgotten and forgiven by 1938 and 1940.

Relief Outlay to Remain Big

I AGREE with you that the number of people still on relief or work-relief rolls, after expenditures of several billions to prime the pump, is discouraging. Somebody has got to tackle this problem before it bankrupts the Treasury.

Everybody admits that the first step should be to ascertain the actual number of individuals who are not working—and why. Even New Dealers concede that the 10,000,000 receiving federal aid include people whose age or disability classifies them as permanent objects of public or private charity, others who could find jobs but prefer to live off Uncle Sam, and some who have lost all aptitude for useful labor.

The Administration at first sponsored an unemployment census, but then dropped it. It will be revived at the next session, however. There is a growing demand that the employable but unwilling be weeded out. I know of employers who cannot obtain workers because potential employees are satisfied with the federal dole.

Railroads Still Are Orphans

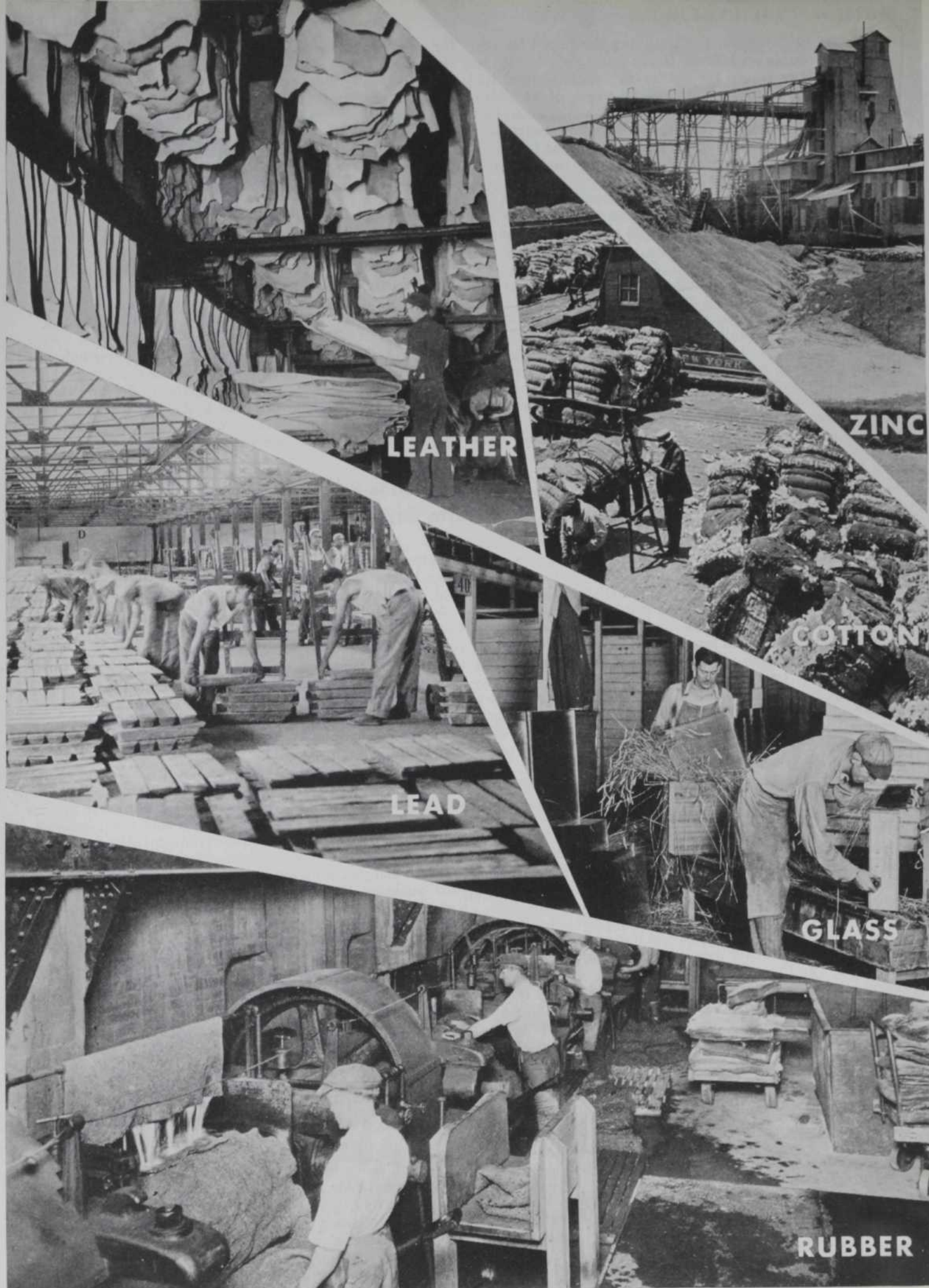
ANOTHER bad spot is the railroads, and their revival is essential to recovery. Although they have not earned their fixed charges for several years, and many are still in receivership, new financial burdens were imposed on them in the Guffey Act, which may boost the price of coal, and in the new Rail Pension legislation.

Jesse Jones, chairman of the Reconstruction Finance Corporation, is still intervening in reorganization of lines which have borrowed money from him, but he seems to be pleasing nobody. "Liberals" within the Administration charge that he is too friendly to railroad and banking interests and insist that he turn them out. But managerial and financial groups don't appreciate his kind of interest. They complain because he insists on dominating their affairs, even though the Government's stake is infinitesimal compared with their own. Meanwhile, the Wheeler Senate Committee promises "sensations" in its investigation into railroad financing. With politicians harassing them and competitors taking the cream of the traffic, the transportation system seems to be an economic orphan.

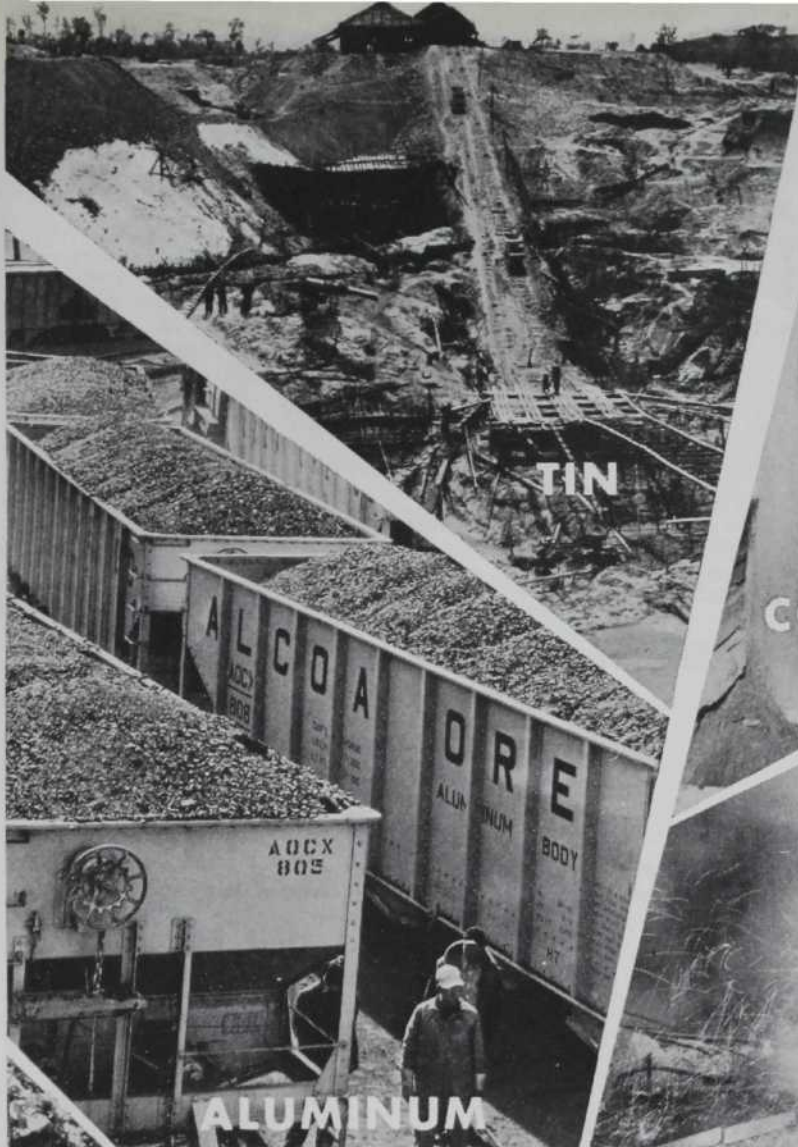
I can't tell you what effect a possible war will have on your business. Things are moving too fast at Geneva, Rome, London, Paris and Addis Ababa. Nobody, however, expects the United States to be drawn into any conflict involving only Italy and Ethiopia, and it is doubtful if even a European war would touch us. Of course, we said that in 1914, but there are several factors now which did not prevail then. Official and unofficial sentiment is definitely against American participation overseas. Best advice is to keep your head and read the newspapers.

Business Gains Confidence

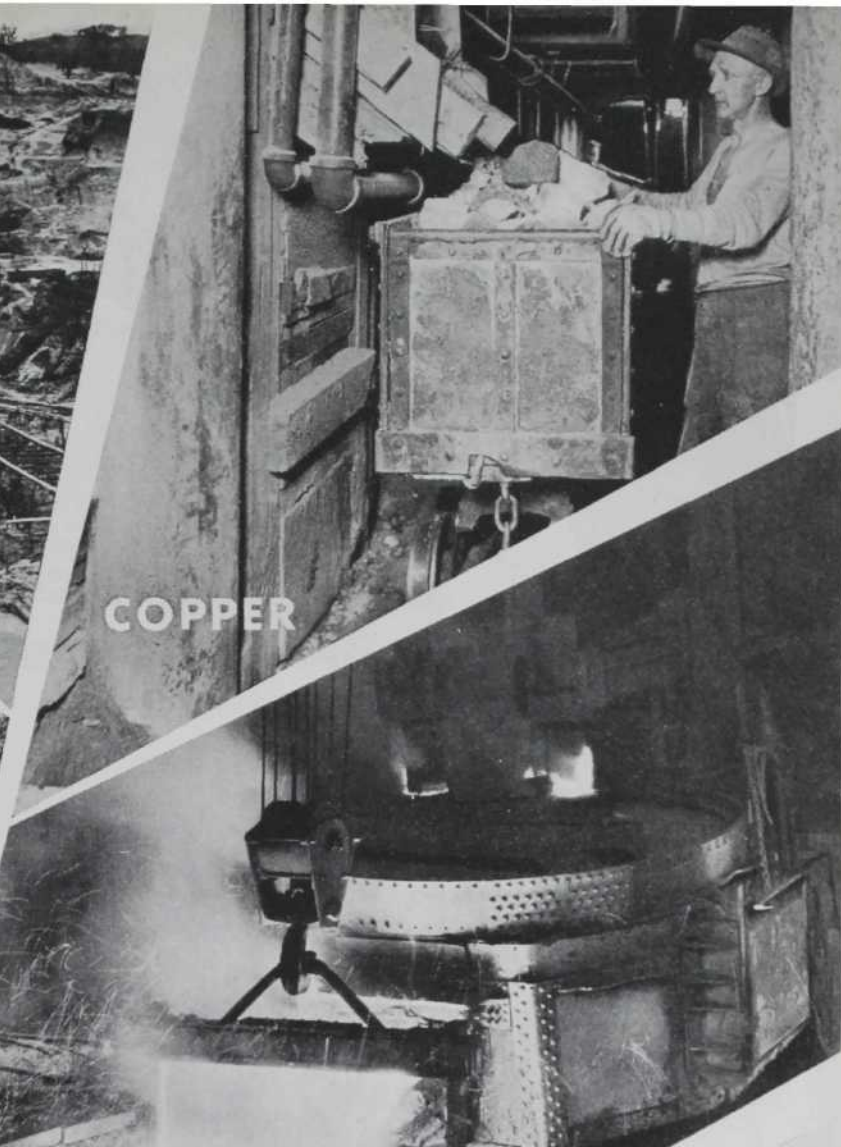
DESPITE all these troubles, there's a new and more healthy spirit stirring. The people—and business men—have definitely gained confidence in their own ability to work things out. Retail sales are up, inventories are low, there is plenty of credit awaiting use, and even the heavy industries are sitting up and looking around. You may have missed it but the stock market reflects the stronger tone, advancing steadily without regard for political experiments, the Supreme Court's crackdown, administrative uncertainty, wars and rumors of wars. Don't forget this—you can't keep a people down forever!



PHOTOS BY EWING GALLOWAY, HORTOCZAK, PUBLISHERS PHOTO SERVICE, UNDERWOOD & UNDERWOOD, MARGARET BOURKE-WHITE



COPPER



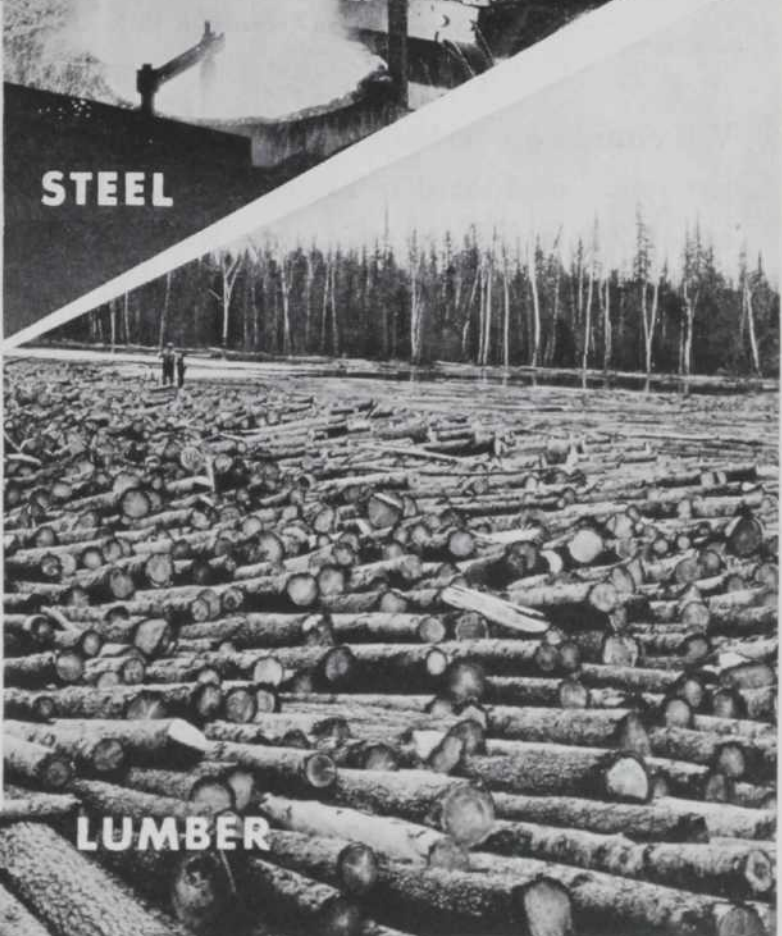
ALUMINUM

Photo of an Automobile

NO modern business improves or declines alone. That is why efforts to regulate or control a single product lead to impossible complications. That is why an interruption in one industry means interruption in all industry. When we say, "the automobile business is good," we mean that business is also good in the other industries listed here—and a dozen more—because this industry uses:

- 21 per cent of the finished rolled steel produced
- 75 per cent of the U. S. consumption of rubber
- 70 per cent of the finished plate glass
- 8 per cent of the hard wood
- 40 per cent of the upholstery leather
- 15 per cent of the U. S. consumption of aluminum
- 18 per cent of the U. S. consumption of copper
- 13 per cent of the tin delivered in the U. S.
- 38 per cent of the U. S. consumption of lead
- 12 per cent of the U. S. consumption of zinc
- 9 per cent of the U. S. mill consumption of cotton

STEEL



LUMBER



Mr. Sibley (center) testifying before the Senate Committee on Public Lands

THOMAS MCAYOY

Shall Washington Manage Business?

By HARPER SIBLEY
President, U. S. Chamber of Commerce

WE cannot go on indefinitely levying upon diligence, prudence and thrift to remedy social ills. We cannot expect business to expand while we are drawing about it the restricting circle of "centralized" Government control. The security that we need most is the security of productive enterprise

THOSE who observe the current trend of national affairs are aware of a growing sense of popular misgiving over the direction it is taking. This apprehension cannot be dismissed as the outcropping of an unwarranted pessimism or the manifestation of a reluctance to give way to inevitable readjustments which changing conditions demand. It is not confined to those who have had to bear the brunt of depression or to those who foresee the sacrifices the present trend will eventually exact.

It is becoming more apparent that payment of the debts contracted in the name of recovery are being de-

manded, not in money alone, but in the surrender of long standing personal prerogatives and curtailment of individual freedom of action. Business men are awakening to the realization that more and more of the decisions they are called upon to make must be subjected to the scrutiny of a far-off administrative government agency and that the courses they may take must fall within the area circumscribed by regulatory government guide posts.

In its past three sessions Congress has passed approximately 900 measures. Many of these are of routine character. Some are constructive.

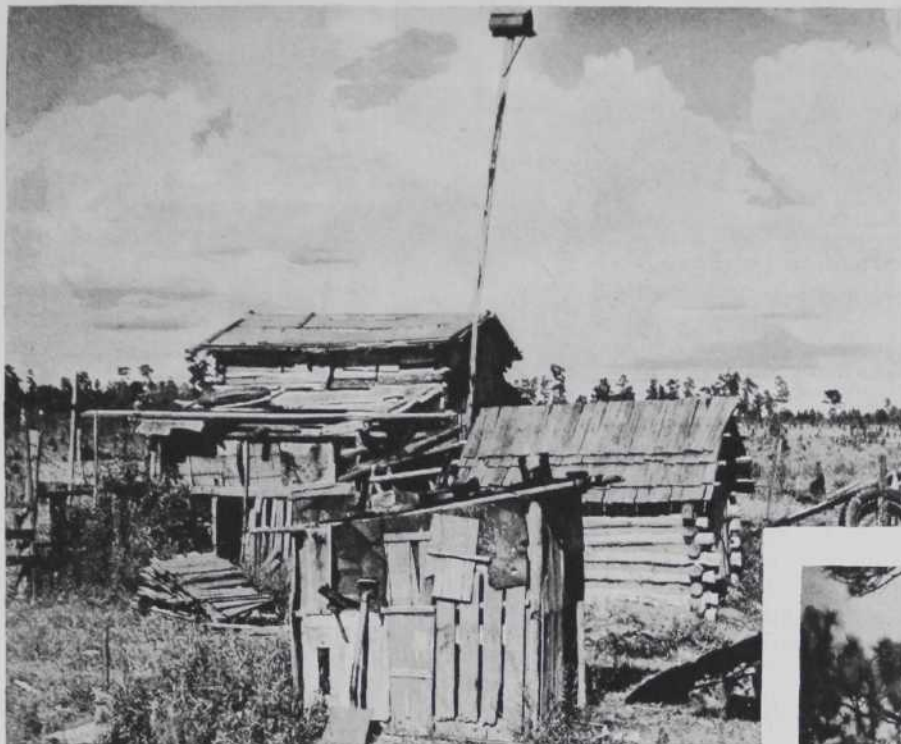
Others diverge sharply from the course which custom and tradition, if not the Constitution itself, have charted. In the aggregate, they probably constitute a record in law-making, not only in point of volume but in the far-reaching effects they will have upon our ways of living and working.

Varied as the specific purposes of these measures may be, the trends they disclose all point in one direction—the entrance of the Federal Government upon the field of industrial control. It has overstepped long-established bounds which protected the individual in the fields of production, financing, manufacturing and distribution. Washington has reached out to take jurisdiction of activities which have been traditionally left to the states and to local government. It has essayed to adjust the relations of employers with their employees and of employees with their fellow employees. It has attempted to rearrange the economic relationships of one class of citizens with others—

(Continued on page 56)

Seeking the Promised Land

By WARREN BISHOP
Managing Editor, Nation's Business



ALL PHOTOS BY ROTHSTEIN FOR RESETTLEMENT ADMINISTRATION

Movement of families from farms like this to better homes is a part of the Administration's job

NEWEST of the New Deal's alphabetical babies is RA, the Resettlement Administration, created by order of President Roosevelt on April 30, 1935, and placed by him under the direction of Rexford Guy Tugwell who, graduating from the University of Pennsylvania in 1915, had spent his life teaching economics until he was summoned by the President to become, first, Assistant Secretary and then Undersecretary of Agriculture.

In creating RA and making Professor Tugwell its chief, the President cited the authority vested in him under the Emergency Relief Appropriation Act of 1935, and then outlined its work as follows:

a. To administer approved projects involving resettlement of destitute or low income families from rural and urban areas, including the establishment, maintenance and operation, in such connection, of communities in rural and suburban areas.

b. To initiate and administer a program of approved projects with respect

to soil erosion, stream pollution, seacoast erosion, reforestation, forestation and flood control.

c. To make loans as authorized under the said Emergency Relief Administration Act of 1935 to finance, in whole or in part, the purchase of farm lands and necessary equipment by farmers, farm tenants, croppers or farm laborers.

The Emergency Relief Act of 1935 made available "for rural rehabilitation and relief in stricken agricultural areas, and water conservation, trans-mountain water diversion and irrigation and reclamation," \$500,000,000. It further authorized the loans described in Section c.

To carry out this program the new Administration took over these government agencies which had come into being earlier in the days of the New Deal:

MOVEMENT of 300,000 farm families to more productive lands is only a part of the goal of the Resettlement Administration recently set up under the direction of Prof. Rexford Guy Tugwell



This man, a hotel clerk, raises chickens on a subsistence homestead acquired through RA

1. Rural Rehabilitation Division of the FERA.
2. Subsistence Homesteads Unit of the Department of the Interior (rural and suburban garden homes).
3. Land Policy Section of AAA Program Planning Division.

That's the brief story of the birth of RA. One must go much further back to understand its beginnings.

President Roosevelt has long had in his mind and has talked in his speeches about rural rehabilitation,



A new porch to play on. The family whose children are shown below has been moved to the home in the upper photo

decentralization of industry, garden homesteads for workers.

In one of his pre-election speeches which were molded into the volume called "Looking Forward," he said:

We are faced with a situation of farmers attempting to farm under conditions where it is impossible to maintain an American standard of living. They are slowly breaking their hearts, their health and their pocketbooks against a stone wall of impossibilities and yet they produce enough farm products to add to the national surplus; furthermore, their products are of such low quality that they injure the reputation and usefulness of the better class of farm products of the state which are produced, packed and shipped along modern economic lines.

That was the President's statement of the problem as it affected New York State. Its solution lay in the purchase and reforestation of these lands.

But what of the dwellers on these "submarginal lands"? The answer of Roosevelt as Governor of New York was that most of them would be absorbed into the better farming areas of the states and others would be cared for by "the bringing of rural life to industry" and "by the establishment of small industrial plants in areas which are now wholly given over to farming."

At that time the President saw this resettlement as a piece of economic planning by states in which "the state needs the cooperation of the national Government, if as only an information gathering body. The national Government can and should act as a clearing house for all of the governors to work through."

Now the Resettlement Administration has made it a national problem, centering in Washington and with a National Administrator in that city.

Professor Tugwell is even further committed to national economic planning than is his chief. Business as we know it is a thing that must disappear or be completely remade.

In his section of a volume on "Current Economic Policies," Professor Tugwell quotes with approval a statement by Albert H. Wiggin to this effect: "We are bound to have conditions of crisis once in so often. . . . There is no commission or any brain in the world that can prevent it."

Condemn business for crises

PROFESSOR TUGWELL then goes on to say:

I believe that Mr. Wiggin was right and extraordinarily honest. No commission, no brain could prevent crises in business; which is why business is slowly being condemned and new schemes are being considered for taking over its function.

Or again:

The next series of changes will have to do with industry itself. It has already been suggested that business will logically be required to disappear. This is not an overstatement for the sake of emphasis; it is literally meant. . . . To take away from business its freedom of venture and of expansion and to limit the profits it may acquire is to destroy it as business and make of it something else. . . . New industries will not just happen as the automobile industry; they will have to be foreseen, to be argued for, to seem probably desirable features of the whole economy before they can be entered upon.

A final glimpse of the Tugwell

mind (from an address at Ithaca, N. Y., after he became Resettlement Administrator):

The old method of individualistic, competitive enterprise; the common law concept that land held in fee simple can be used by the owner exactly as he pleases; the old dread of political tyranny inherited from our colonial days—all these combined to blind us to the fact that in economic cooperation lay the key to future resources.

Professor Tugwell's as-



sertion of a common law concept that an owner may use land as he will can well be questioned. An owner may not use his land to the detriment of his neighbors. But the Tugwell idea is clear. Land must be used for the common good. The owner must yield his prior claim. "Social reorganization in the interest of efficiency"; less "unassisted individualism in agriculture," "rationalization of social services"—these are phrases that fall from the Tugwell lips and plot the Tugwell mind.

What is RA going to do to carry out the command of the President? Three main things:

1. To lend money to farmers now on relief to enable them to tackle again the job of making their farms provide a living. That's "rehabilitation."
2. To move families from unprofitable farms or in some cases from city dwellings to more profitable farm lands or to suburban homes where part of the family income may be derived from the land. That's "resettlement."
3. To set up a limited number of suburban rural garden home projects and to carry on with those acquired from the Subsistence Homesteads Division of the Interior and the Emergency Relief Administration.

Rehabilitation is the immediate job

of the new administration. Most of the money which falls into its lap will go out in the form of loans. "Resettlement" is a long time job. Ten years and hundreds of millions will be needed.

Here's one rehabilitation case. The farmer was born in Denmark, the wife in Scotland. They have five children, none old enough to work. He owns 60 acres of which only 14 have been cleared. He has worked as a teamster and as a common laborer. A government agent visits him and decides that his land is worth \$2,475, his other belongings \$857. Against these assets he owes \$1,299, most of it an \$1,100 mortgage, to a Federal Land Bank. He's on relief getting \$16 a month. The Government lends him another \$753 through RA to clear more land, buy more corn and seed and to pay off a chattel mortgage.

Some loans will be good

WILL the Government in the form of the Federal Land Bank get back its \$1,100 and, in the case of the Resettlement Administration, its \$750? Perhaps. This man comes of thrifty stock and has a good local reputation for industry.



A "client" of the Relief Administration. These people are among the many for whom better things are planned

Workmen clearing land which will eventually be used for rehabilitation homesteads

The Resettlement Administration has on hand any number of cases which it is prepared to produce as evidence that the work is worth while. A man in Ohio with a family of seven—his roof is repaired, horses, harness and chickens are supplied to him. The Federal Government has advanced him \$401.87. Another man, head of a family, gets a \$180 team of horses, and his attitude is "changed from despair to one of confidence." He has paid back \$40 by working on a road project.

All in all, however, RA doesn't have high hopes of getting much of the investment back in these farm rehabilitation cases. The argument will be that it is better to advance money in the shape of purchases of farm implements and animals and hope for the best than to keep these families on direct relief. Already, nearly 300,000 farm families have been lent money or materials or both. That is about one-third of the total number of farm families on relief in the United States.

The second division of the new Administration's work is the real resettlement—the movement of farmers and their families from poor lands to better. This is the real long time job on which Professor Tugwell and his associates have set their hearts. Rehabilitation is merely a form of relief; resettlement is reform.

The guide book of this work is the report of a committee on land planning set up by the National Resources Board. The head of that committee was M. L. Wilson who headed the subsistence homestead

division in the Department of the Interior set up by the first National Industrial Recovery Act and who is now assistant secretary of Agriculture.

That group concluded that 75,000,000 acres of land in the United States now occupied as farms should be withdrawn from farming and the farm families moved to some more fertile and profitable acres. That meant 450,000 farms and an estimated real estate value of nearly \$700,000,000. If we assume four persons to each farm, the project would call for resettling 1,800,000 persons, or one person out of 70 in the United States.

To achieve its purpose, Resettlement Administration would work in this way:

Reports would be brought to it from county agents, from relief administrators, and confirmed by its own agents of a district of 50,000 or 100,000 acres on which a thousand, more or less, families were living in what seemed a hopelessly sub-standard state.

Most or all of them might own their own farms, mortgaged probably, but no skill in farming, however great, could make those farms supply a fair living. The soil may once have been workable but it has been allowed through generations of tillage to deteriorate. To bring it back to fertility would be either entirely impossible or so expensive as to be impracticable.

Buying up poor farms

THEN RA proceeds to take options on these farms. These options will cost little, perhaps a dollar a farm, but will serve to prevent any possible holdup by a greedy landowner. Having acquired options to make possible the purchase of one consider-

(Continued on page 54)





Senator Black goes after a witness at the ocean mail investigation. Senators King, McCarran and Austin are also shown



Howard C. Hopson charged that investigators did not want the whole truth

IN 1760 the British Government decided to enforce the Navigation Acts which its American colonies had long disregarded. To facilitate enforcement, the Government proposed to issue "writs of assistance" which would empower customs house officers to search any house for smuggled goods although neither the house nor the goods were specifically mentioned in the writs.

Massachusetts challenged the legality of this invasion of private rights and the argument reached the superior court.

Presentation of the Government's case rested with the advocate-general, a position held at that time by James Otis. He was a lawyer of repute and a fiery orator. Moreover, he was a patriot. Rather than defend the writs of assistance, he resigned his post and appeared for the people against the writs. Many able students regard his eloquent defense of private rights in this hearing as the first step of the American Revolution.

Massachusetts did not forget the threat of the writs of assistance and, years later, refused to ratify the Constitution because it included no guarantees against similar attacks on the liberties of the people. Other colonies shared this view. The result was a series of amendments to the Constitution.

These amendments, known collectively as the Bill of Rights, are still a part of the Constitution—although many business men have been led to doubt it.

These doubters are the executives of commercial and industrial enter-

prises who have been summoned in increasing numbers before congressional investigating committees. Men so summoned soon learn that, before these quasi judicial hearings, they have few of the protections which the Constitution guarantees for either witnesses or defendants.

This custom of flouting the accepted rights of witnesses has led to some stormy committee sessions with the witnesses customarily getting the worst of the exchanges. Uncertain of his rights and fearful of the vague but vast extent of committee powers, the citizen usually accepts the treatment he gets and is glad when it is over. One of the few to dare a committee's wrath and get away with it was Patrick J. Hurley, but he was Secretary of War when he told a Senate Committee in 1932:

Browbeaten by committees

"WHENEVER I try to give an answer, I am accused of trying to make a stump speech. You can run your Star Chamber sessions and browbeat witnesses, but I will not remain in any committee room where everything I say is distorted and I am called a liar. I have taken all I can stand from this committee."

Other protests, though numerous, are less forthright.

"Where has the Bill of Rights gone?" a witness hotly demanded of

the Senate Lobby Investigating Committee which held forth in 1929-1930. He was not the only one to protest the activities of this committee which, though it compiled a voluminous and interesting record, did not bother to define "lobbying."

The First Article of the Bill of Rights states that "Congress shall make no law . . . abridging . . . the right of the people peaceably to assemble and to petition the Government for a redress of grievances."

This was not an original thought with the drafters of the Constitution.

The right to petition the Government is as ancient as Magna Charta. It was invoked in our Declaration of Independence. Citizens in large numbers come to Washington to bring verbal and written petitions to Senators and Representatives favoring or opposing pending legislation. Are such persons necessarily subject to

Chamber Lives Again

By FREDERICK SMITH

THE most vicious public enemy, arraigned in the lowest police court, has rights which are denied to the business man who is summoned to testify before a congressional committee. The committees' views on constitutional guarantees of protection against search and seizure, the right to legal counsel and other safeguards of liberty are shown in these quotations

classification as "lobbyists," with the various degrees of opprobrium which attach to that term? The answer seems to lie in the point of view. A Senator, some years ago, facetiously ex-

plained that a lobbyist is any man or woman who comes to Washington to promote legislation to which an investigating committee is opposed. If the citizen comes on an errand that has the committee's approval, he is a good, all-around, 100 per cent American, and more power to him.

Chairman Black, of the Lobby Investigating Committee, appeared on the floor of the Senate August 23 and sought to have adopted a resolution to cancel all ocean mail contracts as of March 31, 1936. Senator Black told the Senate that "pernicious lobbyists" of the shippers were that day in Washington and had been in Washington throughout the session "and are setting themselves up to keep the Congress from legislating on this matter." The Senator said his Committee had had the attorney for the shippers before them on that day and it had been disclosed



Patrick J. Hurley refused to stay in a committee room where "everything I say is distorted"



UNDERWOOD & UNDERWOOD

J. E. Dockendorff was told to keep quiet when he tried to explain his answers

House lobby investigators listen to testimony. Left to right, Representatives McSwain, Cox, Smith and Lewis



HARRIS-EWING

there that shippers had met in New York and that Kermit Roosevelt and Raymond Moley were present at that gathering.

The right to petition

SENATOR TYDINGS of Maryland arose and vigorously upheld the right of the shippers to meet and to come to Washington to see legislators and express their view. The following are excerpts from the debate that ensued:

MR. TYDINGS: They certainly are entitled to come here and give their side of the matter. Further than that, it was only a short while ago that the farmers of the United States, many of whom had received subsidies, came to Washington and went to the President in a meeting outside the White House. If we are to deny any of those who receive governmental benefits from coming to Washington there will be only about ten people who will be permitted to come here.

MR. BLACK: It may be that the Senator, if he knew the facts, would approve of what has been going on. It may be that he would think our legislation ought to be held up and that gentlemen who are drawing huge subsidies, lining their pockets with millions of dollars which they did not earn, should take a position that we must enact no legislation at all.

MR. TYDINGS: Whether they took it rightfully or whether they took it wrongfully, or whether the policy we have is a good one or is a bad one, I still imagine they have a right, as men out of jail and free citizens, to come and talk to Senators and Representatives, whenever their interests are involved, and to give their viewpoint; and I assume Senators will have sufficient intelligence to weigh the viewpoints and act according to the argu-

the farmer and the utilities, and everybody else get things by political pressure.

The Senate defeated the Black resolution. The press, the next day, carried a statement from Raymond Moley, friend of President Roosevelt and formerly a conspicuous figure in the New Deal, that it was true he had been present at an informal gathering of shipping men and wanted to know, "what of it?" Mr. Moley said, "I have not reached the stage of demagoguery where I believe all business men wear horns and have cloven feet."

Other Senators have protested against summary treatment of citizens whose purpose in coming to Washington did not happen to meet the favor of investigating committees. While the lobby investigation of 1929-1930 was in progress, Senator Elmer Thomas, of Oklahoma, charged on the Senate floor that a group of oil men who had arrived in the capital to offer arguments against proposed new oil legislation had been treated more like dangerous public enemies than as law-abiding citizens, seeking to protect their own interests. Senator Thomas said:

Permit me to suggest that the resolution creating the Lobby Investigating Committee limited the powers of such Committees to inquiries into the activities of lobby associations and lobbyists. I deny that the Senate ever conferred on this committee powers to investigate private citizens who may come to Washington to petition Congress for redress

regarded as the misdeeds of the investigating Senators. He said:

Mr. President, the lobby investigating committee has rendered much valuable service, yet I do not approve of some of its activities. I do not approve of the action wherein one member of the committee brought before the Senate private papers and telegrams forcibly taken from the private rooms of citizens and made public here before the same were presented to the committee. I do not approve of the committee summoning and trying citizens on a charge of lobbying; of raiding of private rooms of citizens, seizing of private papers and effects and making public only selected letters and telegrams so secured without affording the accused a fair chance to explain his or their activities and to make a statement in his or her defense.

This seizing of private papers is another practice indulged in by investigating committees and proscribed by the Constitution in the Fourth Article of the Bill of Rights, which says:

The right of the people to be secure in their persons, houses, papers, and effects, against unreasonable searches and seizures, shall not be violated, and no warrants shall issue but upon probable cause, supported by oath or affirmation, and particularly describing the place to be searched, and the person or things to be seized.

Committees are limited

COURTS have repeatedly held that Congressional investigators have no right to seize all the papers of a citizen "in the hope," as Mr. Justice Oliver Wendell Holmes expressed it, "that something will turn up." The power of a committee to set aside the Fourth Amendment has been denied in several Supreme Court decisions, notably in the Hallett Kilbourn case, in which Mr. Kilbourn was arrested for refusing to surrender all his papers to a committee. Mr. Kilbourn brought suit and won an award of damages against the Sergeant-at-Arms. The decision was appealed to the United States Supreme Court and the award was not only affirmed but was increased from \$60,000 to \$70,000.

The Special Senate Committee which investigated lobbying in 1929-1930 was one of the best "headline" producers in investigational history. The body was comprised of Senator Thaddeus H. Caraway, chairman, and Senators William E. Borah, John J. Blaine, Thomas J. Walsh and Arthur R. Robinson.

James H. Curran, of New York, had been summoned before the committee to tell of the activities of the Association Against the Prohibition Amendment of which he was president. All his correspondence and records, relevant or irrelevant, private or official, and the private letters of one of his associates, Capt. Wil-

(Continued on page 67)



Principals in the "cigar box" incident, Representatives Patton (center), Dies, principal cross-questioner, and Bonnie Patton, a witness

ments presented, and in the light of all the facts, before voting for or against the legislation which these gentlemen may desire.

Later in the debate this passage occurred:

MR. BLACK: I do not know. I have an idea that when people get things by political pressure, instead of on merit, there is fraud. I may be wrong.

MR. TYDINGS: Labor and capital and

of grievances. I deny that the Senate has such powers to confer; and when any committee assumes and then begins to exercise such powers, no office, no place of business, no home and no person is secure.

The attack drew immediate counter-fire from the members of the investigating committee and other Senators, whereupon Senator Thomas went further into details of what he

Render Unto Caesar....



An Open Letter to the Administrative Committee of the Federal Council of Churches of Christ in America

By S. WELLS UTLEY

President, Detroit
Steel Casting Company

AS a lifelong member of a church which has supported for many years the Federal Council of Churches of Christ, I am constrained to ask you certain questions which seem to me to deserve the earnest consideration of every individual who believes in liberty and freedom.

My concern is accentuated just now in view of the fact that you and your fellow clergy have been asked publicly by the President of the United States to pass judgment on his party's political program.

I feel that your organization tends to lead our pulpit away from "preaching Christ crucified" to that more dangerous pathway of which St. Paul warned the Philippians:

"Some indeed preach Christ of envy and strife."

I quote from your own platform, written in 1908 and readopted in condensed form in 17 clauses so recently as 1933, when I ask in all honesty these questions:

What does your organization mean when it says "the churches should stand for:

"The subordination of the profit motive to the creative and cooperative spirit;

"Social planning and control of the credit and monetary systems and the economic processes for the common good;

"A wider and fairer distribution of wealth; a living wage as a minimum and, above this, a just share for the worker in the product of industry and agriculture?"

Who are the workers? And what is a just share in product of industry? What tribunal or what individual can be set up to fix the answers

to these questions? In another statement your organization has declared:

"Too large a share of the national income goes to those who must invest it in activities which are already overdeveloped and overcapitalized. Too small a share goes to those who would use it for food, clothing, housing and other necessities of life."

When I find that every one of the statements you make relative to the economic system is paralleled by a statement made by those who belong to the Communist party, who desire a revolution to overthrow our Government and the present social order; when I find that they are advocating these specific things just as persistently as you do, am I not justified in deciding that the roads which you are traveling lead to the same destination; a destination which I, as an American citizen, and as a member of the church, have no desire to reach? Under such circumstances, how can I do other than decide that either you must change the direction in which you are going, or else you and I must definitely part company?

Qualifications as experts?

WHEN a man appears as an expert witness in a court of law, that is, as one whose opinions as well as his statements of fact are entitled to receive the court's consideration, he must first be qualified; he must put into the record a statement of his

training, or experience. How many of the clergymen who helped frame this platform, or are today preaching its socialistic doctrine, could qualify as competent to give testimony on economic subjects? Generally speaking, they have gone through college on money earned by someone else, they have devoted little or no attention to economic sciences. Graduating, they have gone into pulpits where they have been supported by the contributions of others. They have had no experience in the production of wealth, nor any knowledge of the complicated process by which money is provided to make a pay roll.

In 30 years of business experience I have never heard of a clergyman visiting an industrial enterprise in an effort to acquaint himself with the principles and practices involved in conducting a going business. The clergy has been supported, often at considerable sacrifice, by those who believe that the maintenance of the church as a guide to the spiritual life is worth while, and that training and experience qualify clergymen for this leadership. When they begin to expound economic doctrines, in which, admittedly, they have no training or experience, they shouldn't be surprised if their parishioners begin to lose interest in their teachings and, being unwilling to precipitate a church row, quietly cease to attend service and support the organization with which they can no longer agree.

Let me revert to the planks I have quoted. You denounce the "Profit System," called by Karl Marx the "Capitalistic System." It is better described as the "Enterprise System," or the "System of Economic Volun-

tarism," although strictly it isn't a system at all, but rather a principle—the principle of liberty in civil, economic, political, and everyday life. It is the principle by means of which the individual has the right to plan his own life, choose his own vocation, attend the school he wishes, engage in the business which appeals to him, direct that business as he sees fit so long as he stays within the law made to apply to all alike. In our particular civilization this principle of liberty was perhaps first enunciated in the Reformation, the demand for the right of religious freedom; in our country the demand for it brought our early forefathers to these shores. They realized full well, even if we do not, that only by maintaining the liberty of the individual in his social and economic life could we maintain it in his religious life.

Moreover, this economic system isn't solely a profit system, it is a profit and loss system. The man who hopes for a profit must take the chances of a loss, and the fear of loss is probably a more potent spur to the great majority of the race than the hope of a profit. When a man does succeed in making a profit, we all gain. The fact that he makes it proves that he has supplied goods or services which the general public has decided by its "dollar votes" are of greater advantage to it than the money it paid for them.

The buyer profits

HE has made a profit for himself, but he has increased the wealth of all of us. No one has ever purchased a Ford car for the specific purpose of giving Mr. Ford a profit. Each one bought the car because he believed it to be worth more to him than the money he paid for it. The benefit accruing to the purchaser has proved to be greater than the profit accruing to the manufacturer, else people would have long since ceased to buy his product.

On the other hand, when a business man suffers a loss, it simply means that we have informed him that his goods and services aren't worth to us what they cost; that

his efforts are not increasing our social wealth but are decreasing it. The harder a man strives for profit in creative enterprise, the more gain for all of us; the harder he strives to keep down his losses, the less is our store of wealth depleted.

Under a system of freedom, a man's efforts are urged on by many motives other than the desire to make money—ambition, love of family and the desire to provide for them, satisfaction in accomplishment, a desire for power, a sense of shame in failure and a multitude of fears, fear of starvation, fear of physical suffering, or a fear of the loss of what he has—and these collectively are more potent than the mere profit motive in stimulating him to work for his own ad-

vancement, which means the advancement of all of us; for the advancement of the race is but the total of the pushing-ahead of the individuals.

In the long history of the race but two methods have been found by which it is possible to get the great mass of individuals to do the work necessary if the life of society is to be supported. One is the system of individual initiative, in which man is spurred on by a desire to achieve a reward, or, the fear that, if he doesn't work, he will starve to death; and the other, a system in which the individual is forced to exert his labor through compulsion applied by government regardless of who gets the reward. When you take away from the ambitious the hope of reward and tell the unambitious that the world "owes them a living," you reduce the amount of goods and services which people will produce. The government must then step in and, by force, induce the people again to put forth productive efforts.

Churches and Economics

MR. UTLEY is not alone in his protest against the attitude of a part of the Church toward economic problems. Recently a group of distinguished Methodist laymen drafted a statement including these paragraphs:

"Between the philosophy of Christianity, with its emphasis upon the personal relationship and responsibility of man to man and man to God, and the philosophy of economic determinism, which relates all human happiness to economic reward, we feel that there is essential and inevitable conflict.

"Therefore, it is the sense of this group that, when the pulpit and the religious press substitute economic and social systems for the Christian ideal of individual responsibility and freedom of choice, they are losing sight of their fundamental objectives."

Nor is this drive for a new order confined to the Federal Council to whom Mr. Utley writes. Here are six quotations:

METHODIST: The present social order is unchristian, unethical and antisocial because it is largely based on the profit motive which is a direct appeal to selfishness. (General Conference)

PROTESTANT EPISCOPAL: Christ demands a new order . . . which shall substitute the motive of service for the motive of gain. (House of Bishops)

JEWISH: It is not safe for society to leave the basic social enterprise in the control of private groups that operate those enterprises for private profit instead of for the service of the community. (Conference of American Rabbis)

CONGREGATIONAL-CHRISTIAN CHURCHES: Resolved that we work toward the abolition of the [competitive profit seeking] system responsible for these destructive elements in our common life, by eliminating the systems, incentives and habits, the legal forms which sustain it and the moral ideals which justify it. (General Council)

CATHOLICS: The real authors of violent and bloody revolution in our times are not the radicals and communists but the callous and autocratic possessors of wealth and power who use their position and their riches to oppress their fellows. (Bishops of the National Catholic Welfare Conference)

PRESBYTERIAN: The Christian life is not a life unconcerned with possessions and profit but one in which the profit is subordinate to service, in which, if necessary, profit is sacrificed in order that service may be more complete. Therefore, the profit motive is defensible only when it is subordinate. (Committee on Social and Industrial Relations)

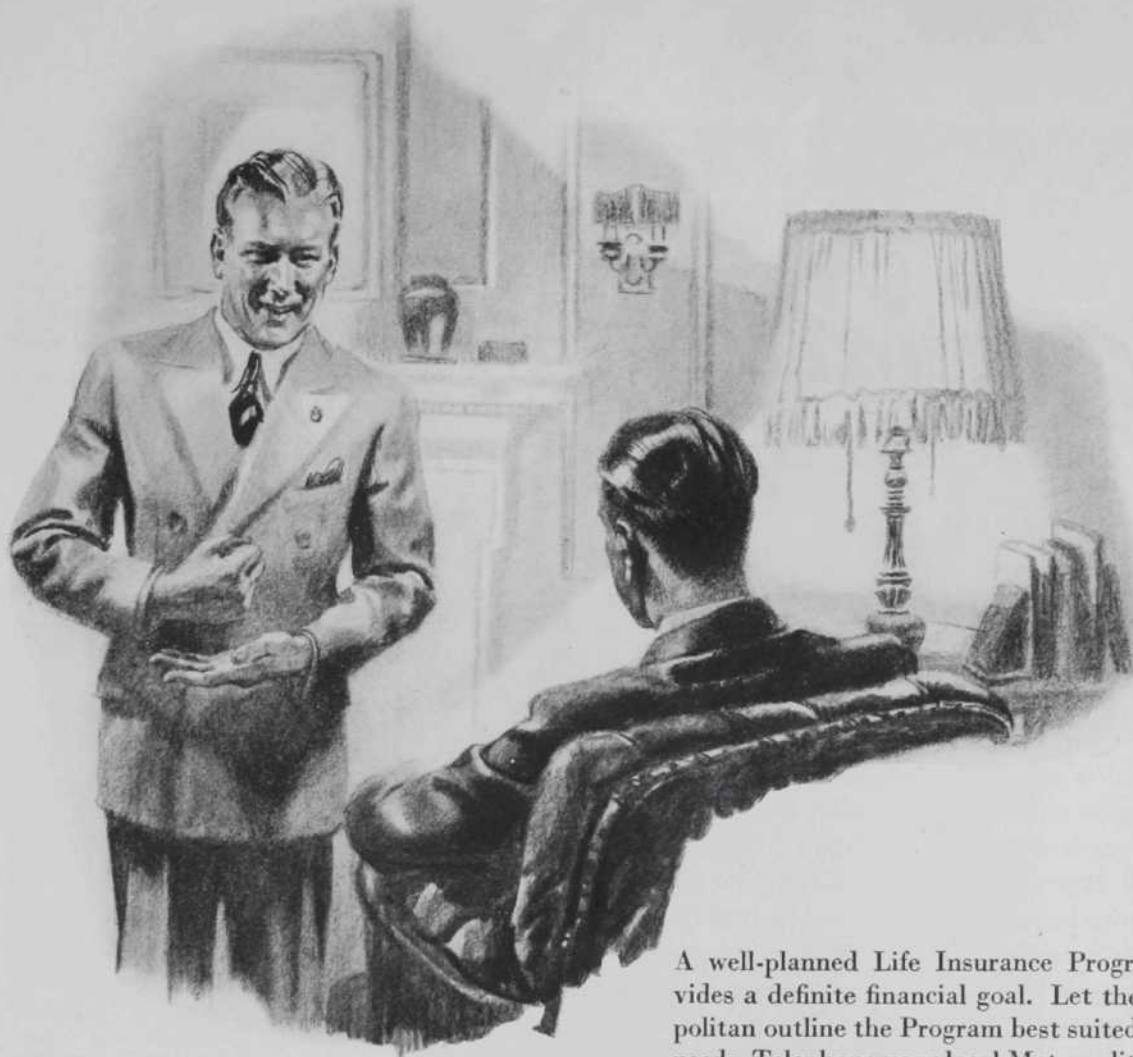
Freedom and planning

IF THE system of freedom is destroyed there is no escape from this result and the system of freedom cannot survive if the right to a reward for successful economic endeavor is taken away.

Your platform urges planning and control of credit and economic processes. Planned economy, Fascism, Socialism, Communism, all have the same idea, differing one from the other only in superficial dressings. All are identical in their fundamental principles. Under them the individual loses his freedom and becomes but the creature of government, subject to its regulations in the most minute detail of his life, and, on the other hand, that Government ceases, even in theory, to be the servant of the people and becomes their absolute master.

This change inevitably destroys the moral character of the individual, because character, like muscle, is built only through exercise. The effect of these various alien doctrines is to destroy ambi- (Continued on page 51)

"I had a Great Dad"



HE was wise in a thousand ways, but he never managed to organize himself financially. I remember how often he regretted not getting enough insurance when he was young. He advised me to avoid making his mistake.

Last Spring I was reminded of what father had said, when I happened to see the slogan of Insurance Week, "The sooner you plan your future, the better your future will be." And I made up my mind that my family would not be left unprotected.

At 28 I'm on my way to financial security — thanks to my Life Insurance Program. My wife will be taken care of, if anything should happen to me.

I hope to have my Program provide protection for any children we may have. And, in later years, I plan to add to the Program so that it will give us a guaranteed life income.

A well-planned Life Insurance Program provides a definite financial goal. Let the Metropolitan outline the Program best suited to your needs. Telephone your local Metropolitan office and ask a Field-Man to call, or mail the coupon.

The Metropolitan issues life insurance in the usual standard forms, individual and group, in large and small amounts. It also issues annuities and accident and health policies.

The Metropolitan is a mutual organization. Its assets are held for the benefit of its policyholders, and any divisible surplus is returned to its policyholders in the form of dividends.

Metropolitan Life Insurance Co.,
1 Madison Ave., New York, N. Y. (N)

Without placing myself under any obligation, I would like to have information regarding a Life Insurance Program to meet my needs.

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METROPOLITAN LIFE INSURANCE COMPANY

Frederick H. Ecker, President

One Madison Avenue, New York, N. Y.

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Trial Balance

A Short Story by SAMUEL HOPKINS ADAMS

To be master or worker?

SINCE the world began, the main difficulty in life has been its choice. How the individual is to satisfy his creature needs, how find the answer to the question of his place in society are issues no less acute and persistent in modern civilizations than in the simplicities of savagery. Whether experience invalidates the belief that "man is the artificer of his own happiness," a democratic tradition that began with Jefferson holds it to be "a natural right to choose his vocation . . . which he thinks most likely to give him comfortable subsistence." Again and again, a hoary riddle rises to complicate choice. Is it better to be the master, or better to be the man? As old Omar puts it,

And, strange to tell, among that Earthen Lot,
Some could articulate, while others not;
And suddenly one more impatient cried—
"Who is the Potter, pray, and who the Pot?"

Today that question is raised amid a din of controversy. Strange doctrines are in the air. New philosophies present "preferred" claims on society. Evangels of change proclaim their faith that they hold the true key to happiness. Now, more than ever, the choice of Amos Steele and Tom Wilson touches the pattern of American thought and poses a question in the hearts as well as the minds of the people. It is a pleasure to reprint by request this contribution of Samuel Hopkins Adams to NATION'S BUSINESS of March, 1923.

"WAITING to see me?" Amos Steele looked up from the compilation of notes he was making.

"Yassir. This last hour'n a half." The confidential guardian of the inner sanctum of the Steele Shoe Manufacturing Company permitted a subtle intonation which might have meant either reproach or the hint of a plea.

"Didn't you tell him I was busy?"

"Yassir; I always tell 'em that."

"That's right, Eph. It seems to me I always am busy." Steele passed his hand upward across his heavily veined forehead into his hair where it met scant resistance. "I've always been busy," he sighed, "for 30 years. What does he want? A job?"

"I don't reckon so, Mr. Amos. He

says his father used to know you right well, and he thought as how you'd see him 'count of that if he waited."

The head of the concern glanced at the carefully diagrammed visitors' information form. "Ralph L. Wilson," he read. The tired eyes above the puffy, leaden sacs narrowed with interest. "Must be Tom Wilson's boy. Lad of about twenty-one, Eph?"

Examining the plants

"YASSIR. Nice spoken young gentleman. Shall I fetch him in?"

"Yes. No, wait. Get Fowler. Turn the boy over to him, to be taken through the factories."

"All of 'em, Mr. Amos?"

"Yes; the whole plant. I want him to see everything. Tell him I said for him to ask questions, to talk to the men if he likes, to take in all he can. I may want a report from him on his—er—his impressions of the place."

"Yassir, Mr. Amos." The old man nodded intelligently, but outside he shook his head, privately opining that this was a queer kink for the boss.

Released to his notes, Amos Steele put in an hour arranging and codifying them, then the better part of another hour analyzing some troublesome figures, at the end of which task he looked up to see Eph escorting a stocky, serious looking youth to his desk.

"I can see you're Tom Wilson's boy," was the manufacturer's greeting as he shook hands, "by your looks. Sit down."

The youngster obeyed.

"Been through the plant?"

"Yes, sir."

"What do you think of it?"

Burroughs

SHORT-CUT KEYBOARD



Ciphers print automatically

5 Automatic *

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2 3.5 5

5 Automatic

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6 3 Automatic

So much less to do

Fewer motions . . . that's what makes a Burroughs so fast. Automatic ciphers, saving nearly one-third of the work, are only one of its many short-cuts. Other short-cuts permit the operator to add or subtract an entire amount with one motion of the hand. Taking a total is also a single motion. Could any machine be faster, simpler, easier to operate? For your copy of a new and interesting booklet picturing and describing these and other exclusive advantages of the short-cut keyboard, telephone your local Burroughs office. Or write direct to

BURROUGHS ADDING MACHINE COMPANY, DETROIT, MICHIGAN

Since Burroughs prints ciphers automatically, there is no time wasted writing them; no danger of error in writing too many or too few ciphers. The shortcut keyboard is the only one that provides this great saving in time and effort.

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CASH REGISTERS • TYPEWRITERS • POSTURE CHAIRS • SUPPLIES

"It's a pretty big concern."

"That all?"

"And very busy, apparently."

"What else?"

"Why," hesitated the boy, "I don't know just what you mean. I found it very interesting—"

"You ought to. It's the best factory of its kind in the country," declared the older man aggressively. "I made it that, and I know. The best to work in; the best to own. And you might have owned it."

"I? Owned this—"

"Half of it, anyway. Didn't your father tell you?"

"No, sir."

"Didn't want to, perhaps. Yes; it might have been half yours, if he'd been a different kind of man."

The boy shifted in his chair a little, and an impalpable change came into his voice as he said, "My father died last year."

Amos Steele nodded. "You needn't fear that I was going to say anything against him. Tom was a good man in his way; as good as the best. But his way wasn't my way. Maybe it was a better way. What do you think?" he demanded, giving his visitor a hard, quick look from beneath his bushy eyebrows.

Young Wilson flushed. "I think it isn't quite a fair question."

"So it isn't. I'm glad you said that. It's about what Tom would have said—if he'd thought it. Perhaps it'll be fairer later, after I've told you a bit of personal history. You won't understand it, probably. But neither do I—not all of it—not the essential part of it."

He leaned back in his chair, mouth-
ing an unlighted cigar in nervous satisfaction, and told his tale.

Your father and I, said Amos Steele to the heedful youth, started even with nothing but a job apiece. Shoemakers, we were; cobblers they still called 'em in those days, but we'd got swept into a small factory. Good workmen, both of us; Tom a bit better of the two with his tools. The factory wasn't much; old fashioned, hand-to-mouth, beaten-track sort of business. No sort of chance to get ahead there. It didn't content me. Nothing ever has. I expect that's the reason of my—*Amos Steele took the cigar from his teeth, regarded its mangled end, and decided to light the other extremity, after which he drew a few puffs before concluding with the emphatic word—success.*

I wanted to work for myself. I wanted money. I wanted to see something that was my own growing under my hand. When I had a hundred dollars saved I went to my doctor, who was always kicking because his shoes wore out—shuffled along like a spavined walrus, Doc did—and I said:

"Want to be well shod at a reasonable price, Doc?"

He said, "Who'll take the contract, Amos?"

I said, "I will. Lend me a hundred dollars and I'll set up a little establishment of my own that'll turn out a real shoe even you can't wear out."

"A hundred won't start you, Amos, and I ain't a bank."

Raising capital

"If you were I wouldn't be coming to you, because I haven't got any security to offer. But I think I can get a couple of other fellows that don't like their shoes to come in, and I've got a hundred of my own, and even if you aren't a bank I'll pay you seven per cent."

The Doc mulled over that for a while. "I'll tell you, Amos," he said at last, "I'll take a chance on you. You'll need five hundred to start with properly. Write me out a little acknowledgment saying you'll pay me one-fifth of the profits at the end of the year, after you've taken out a fair return for your own work, and I'll find you the hundred."

Amos Steele turned to his visitor, "Know anything about finance?"

"A little, sir, I'm specializing on economics and finance in college."

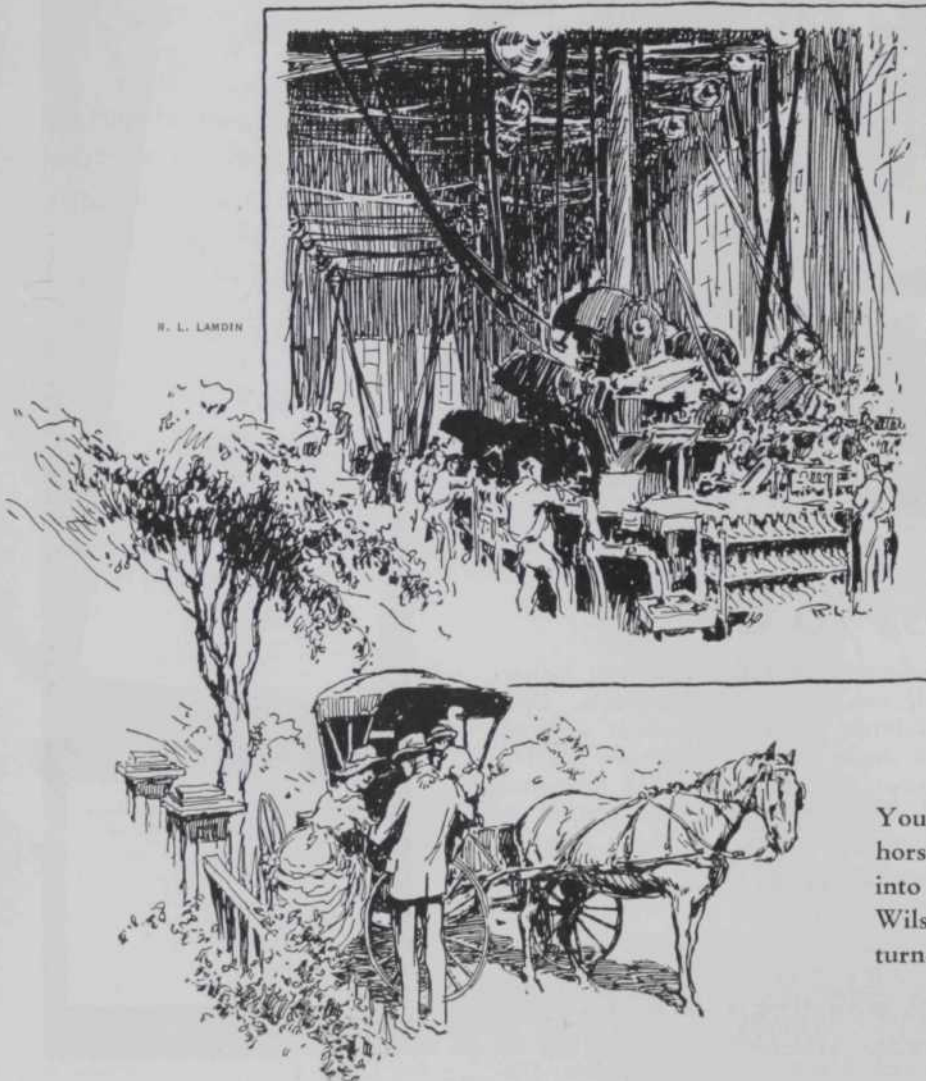
"Then you probably realize what I was doing when I gave that receipt. I didn't—at the time."

The boy smiled. "I think you were selling a share of stock."

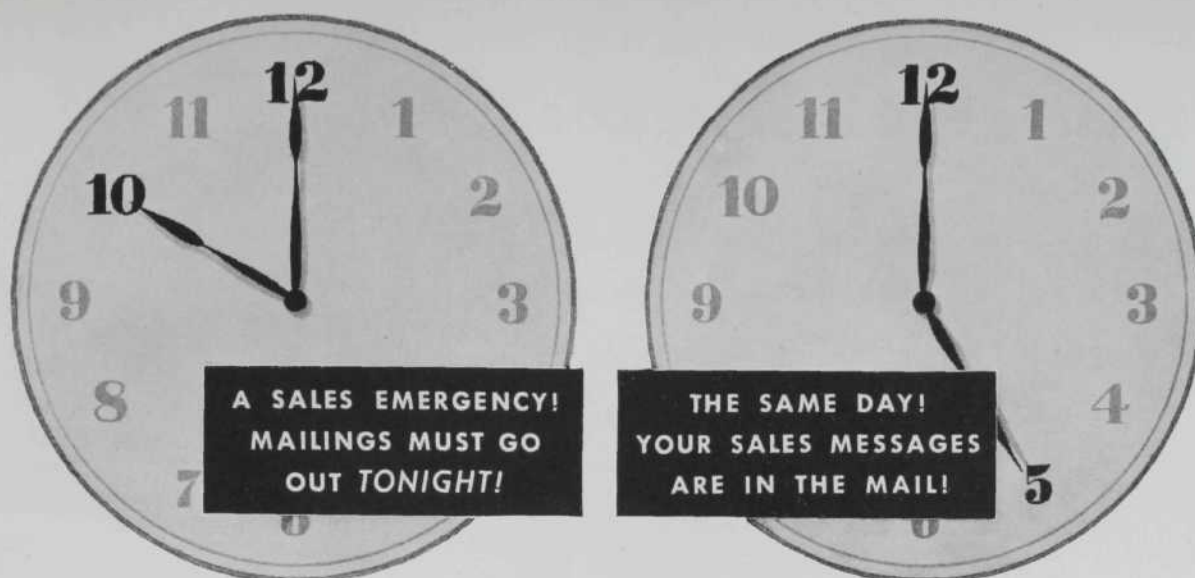
"So I was. And the buyer is a rich man today through that little investment."

I took that hundred and went out and talked two other fellows into giving me a hundred each. But I'd had time to think it over meanwhile and I decided that giving a lender a permanent share in my profits wasn't going the right way to own my own

(Continued on page 42)



Your father put his increased pay into a horse and buggy. I put my profits back into the factory. My wife said, "If Tom Wilson, who works for you, can afford a turn-out, I guess you can!" But I couldn't



How *Multilith*, by its speed and simplicity, makes possible the capture of new business by LITHOGRAPHY

● Flash comes the word that competitors are bombarding your customers and prospects with sales offers. New products! New styles! New prices! Quick action is essential. Even a day's delay may mean the loss of thousands of dollars worth of business!

Within a few hours... thanks to *Multilith*... thousands of sales-compelling mailing pieces, produced in your own offices by the lithographic process, are ready. And thanks to *Addressograph*, the mailing is correctly and speedily addressed to the very customers and prospects who are being solicited by your competitors!

In the pursuit of business, there are many situations calling for equal speed... equal precision. And just as *Multilith* solves sales problems, so it is solving all kinds of printing problems for all kinds of business... *a valuable tip no progressive business man can afford to overlook.*

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thography for one or more colors... enables you to write, typewrite, draw or trace on a thin, flexible plate and begin to print within a few minutes. Or you may reproduce photographs, drawings, type matter or other "copy" on the plate by the photographic process. The savings usually average from 25% to 60%.

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Find out how this profit-making method can best serve your business. Consult principal city telephone books... or write us for complete information and samples.

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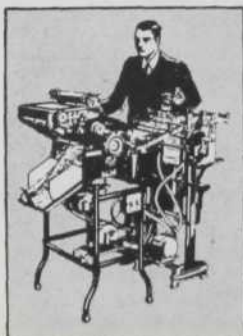
Division of

Addressograph-Multigraph Corporation
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Offices in All Principal Cities of the World

CHECK THIS LIST TO DISCOVER POSSIBLE ADVANTAGES TO YOU THROUGH THE USE OF MULTILITH FOR PRODUCTION OF:

- 1 Letterheads—hand-drawn or type-set designs.
- 2 Envelopes—both corner card and pre-addressed.
- 3 Cards—filing, mailing, business reply, personal and greeting.
- 4 Direct advertising and sales help—in wide variety.
- 5 Blotters—announcements, advertising, calendar and message.
- 6 Checks, vouchers and other accounting forms.
- 7 Invoices, statements and credit forms.
- 8 Ledger sheets—heading and ruling in one or more colors.
- 9 Company publications and house organs—illustrated with halftones and line drawings.
- 10 Report and record forms for office, store and factory use.
- 11 Maps, charts and graphs—in outline or color.
- 12 Gummed labels, stickers and price tags.
- 13 Sales letters and price lists—typed or written direct to plate.
- 14 Calendars—monthly, quarterly or annually.



Class 1200 *Multilith* will produce up to 5000 lithographed pieces per hour—in your own offices!

»» **Multilith** ««
TRADE MARK

No Business Can Escape Change

There can be no breathing spell for business. The reason lies in that one word—change

Prayers of typographers and others for "rubber type" find an answer in a new process. It permits type headings, lettering or designs to be condensed or extended in either dimension to fit any space. . . .

A new fastener for punched papers consists of a length of webbing which is closed into a loop by small, flat end hooks. Its elasticity permits easy reading of bound papers. . . .

Weather is forecast eight to 15 hours in advance by the twist of a knob with a new pocket-size instrument. Forecasts are based on the humidity and wind direction. . . .

Electric cord attached to a new wall plug can be turned without twisting and kinking. Outer half of the plug is so made that it revolves with the cord. . . .

Designed for hospitable homes, a compact new refrigerator provides 126 ice cubes, extra-low temperatures, 2.7 cubic feet capacity. Meats can be frozen and preserved in it. . . .

A new washable wall covering consists of fabric, woven from slit cellulose film and cotton, backed with wall paper. Color shades are supplied by the adhesive used in the lamination. . . .

A new grease-proof paper liner for sink strainers (also usable without the strainer) keeps garbage from sticking to sides, facilitates disposal. Perforations permit drainage. . . .

Convenient for bathing children or for foot baths, a new shower and bath tub has a built-in seat in one end. Overall length is 5½ feet; inside width is 30 inches. . . .

Sediment is flushed from hot-water supply systems under full water pressure through a new cleaning valve. A quarter turn of a handle, first one way, then the other, does the trick. . . .

Plumbers are offered a new preparation for repairing cracks in steam or hot-water cast-iron boilers. It contains synthetic solder which melts in hot water but which hardens instantly when circulation takes it to the leak and it's cooled by air. . . .

Cord nets in which laundries wash clothes have a rival in a new rubber laundry net. It's said to be non-bursting, to reduce danger of tearing clothes. . . .

A new skirt and trousers hanger adjusts to any size from 22 to 40 inches, hangs the garment from rubber-tipped, spring-extended arms. . . .

Quick, painless removal of adhesive tape is provided by a new non-irritating, non-inflammable solution which contains no ether, gasoline or other evil-smelling ingredient. . . .

Offered in lieu of the old red lantern, a new weather-proof battery-operated signal warns passers-by away from repair and construction work through winking red lights. . . .

Time's saved by a new quick-acting coupler for air or water lines (pipe or hose). It plugs in or out of line outlets by a short twist, automatically cuts off the flow when disconnected. . . .

A new ice cream scoop has no moving parts. Sealed within it is an anti-freeze fluid which maintains a temperature differential between tool and cream, allowing easy removal of the latter. . . .

Higher compressive strength, uniform in all directions, is said to be offered by a new double-ply corrugated board. The two layers of corrugation are at right angles to each other. . . .



The new low-wing transport planes hamper the movements of conventional towing tractors. Hence this midget electric tractor which ducks around handily on the field or in the hangar

Tops and bottoms of corrugated containers are stapled either before or after packing by a new four-pound, hand-operated metal stitcher. Staples give either a through or blind stitch. . . .

A new safety device for hand-operated punch presses prevents movement of the operating lever with the right hand until a safety lever is pressed with the left. Thus both hands must be clear before the press can be tripped. . . .

Ply ruptures, fastener failures are said to be minimized in a new, low-tension rubber belt, so built that stresses are equally borne by outside and inside plies when passing around pulleys. . . .

Higher standards of accuracy are said to be achieved in bearings through a new mirror-like surface finish. Its perfection followed development of a device which measures millionth-of-an-inch variations in a surface. . . .

A bright, rust-proof zinc surface is deposited on steel articles by a new electro-plating process. It's applicable to automobile parts and accessories, builders' hardware, tools, etc. . . .

A new cast-iron roofing is offered for industrial buildings. It consists of two main units, a standard plate 3/16" thick, 52" long, 24" wide, and a semi-cylindrical cap plate. Durability, no maintenance are among advantages claimed. . . .

A non-alkaline dispersing agent, for use in preparation of water solutions of shellac or casein, is now offered. Alkalies have heretofore been used. . . .

A permanent metal mold has been developed which, it is claimed, produces sinks, soil pipe, other hollow iron castings without the use of molding sand. Heat is regulated by oil circulation; a pneumatic control opens and closes the mold. . . .

—PAUL H. HAYWARD

EDITOR'S NOTE—This material is gathered from the many sources to which NATION'S BUSINESS has access and from the flow of business news into our offices in Washington. Further information on any of these items can be had by writing us.



GRAPH BY JOHN PAUL PENNEBAKER

WILL IT BE A BULL'S-EYE?

When cold steady vision goes down the rifle barrel, does it see the bull's-eye? Of course! Does the gun shoot straight to the point sighted? Again: Yes, to be sure. Then why isn't every shot a bull's-eye? Marksmanship is a matter of control. Can the sight be held where aimed when the trigger is pulled? Can it be held true to its mark when the charge explodes? When it can, you have control . . . marksmanship . . . results.

Electric motors like the bullet in the rifle can

always go somewhere, do something. They are power. But if they are to do what you desire, be mighty particular about their control . . . Motor Control. To be sure of good Motor Control, more and more industrial plants specify Cutler-Hammer. Many outstanding builders of motor-driven machines feature it in their designs. A host of reliable independent wholesalers stock it for your convenience. CUTLER-HAMMER, Inc., Pioneer Manufacturers of Electric Control Apparatus, 1251 St. Paul Ave., Milwaukee, Wis.

One Insignia, One Standard

For almost a half century the name Cutler-Hammer has meant superior Motor Control. Whether buried in the base of a machine, a box on the wall, a room full of panels, or the little cold control unit on your own household refrigerator, C-H Control starts, stops, regulates and protects motors to save time and expense.



CUTLER-HAMMER  **MOTOR CONTROL**

New Ideas in Selling

Some comments and reports on events in the highways and byways of selling

Anent prize contests: The current vogue which prize contests are enjoying evokes from William H. Kofoed, Philadelphia publisher, the observation that companies sponsoring them are giving too little thought to the losers.

Advertising agencies and their clients, of course, are aware of the detrimental effects on sales which contests may have. Many losers—and losers necessarily far exceed the winners—often feel that their entries have received too scant consideration and, consciously or unconsciously, express their resentment by ignoring the product which has ignored them.

Manufacturers in highly competitive fields, where there is little to choose between one product and another, know the importance of avoiding this active or passive antagonism and not uncommonly offer inexpensive premiums to all participants in an effort to overcome it. But something more is needed, in Mr. Kofoed's belief. He suggests more stress on the generally neglected subject of the judging of entries.

"Every one knows that only a limited number of entries in the average contest is laid before the three or four more-or-less-prominent judges who have been named," he points out. "But what of the methods by which these few are weeded out of the thousands or hundreds of thousands of entries which some contests attract? Would it not be wise to convince the eager, hopeful participants that adequate means exist for considering every entry, that they are entering an actual contest rather than a lottery?"

Being a publisher, Mr. Kofoed sees this matter of preliminary judging as an editorial job. He would hire a corps of editorial workers, trained in judging submitted manuscripts according to definite standards and requirements, to do this preliminary sifting of entries. He would dramatize these workers as well as the final judges in his advertisements.

Part of the fortunes allotted for prizes, and the greater fortunes spent to announce and promote contests might better be devoted to this task of assuring adequate methods of judging and of emphasizing that adequacy to the public. Money and effort so spent, he believes, would pay dividends in preserving the good will of which all manufacturers are rightfully jealous.

Autobiography of a bank: Something new in bank advertising is offered by the Harvard Trust Company, Cambridge, Mass., in a pamphlet celebrating its 75th anniversary and done in the style of the 1860's. Illustrations simulate woodcuts and the text gives "an account of the changing conditions through 75 years and the manner in which the bank has met them." Not the least of the pamphlet's novelties is the fact that it contains not a word about the bank's founders, first president or other officers,

past or present. The bank is presented as an institution, rather than as a group of individuals, and the pamphlet's theme is the growth of that institution and the development of its services.

Show business: Seven sprightly show girls comprise a sponsored road show now touring night spots in various cities in the interests of one distiller's product. The half-hour show costs the night clubs nothing and the plugs for the sponsor's product are unobtrusive. Additional shows may be put on the road by the same sponsor, it is said, and rumor has it that the idea may be adapted to the promotion of other products.

Hotel health resorting: The late-summer hehira to the northlands of hay-fever sufferers is beginning to take another turn, according to an Iowa hotel manager. He reports that a number of Iowa families during the past season availed themselves of the air-conditioned comfort of the hotel for up to six weeks instead of taking their usual trek northward. Hay-fever season next year may see a number of air-conditioned hotels promoting room sales to sufferers.

Travel stamps: A plan for tapping a new "travel market" has been evolved by a New York group. Briefly, the plan contemplates bringing the pleasures and benefits of travel to the lower-income folk through the encouragement of systematic savings in small amounts.

Central feature of the plan is a cer-

tificate book, supplied by the plan's sponsors and distributed to the potential travelers by regularly established travel agents. Opening stamp in this certificate book costs \$3.50. The would-be traveler builds up his traveling fund thereafter, as inclination and purse permit, through purchase of 50-cent stamps which he adds to his book. The sponsoring organization guarantees against loss of these funds and permits him to cash his accumulated savings for other-than-travel purposes at any time should he so desire, less only a \$3.50 service charge. For any travel purpose, however—whether it be a \$25 week-end trip or a \$600 world tour—the certificate book is redeemable at full face value.

Other features offered certificate holders include discounts at certain stores, shops, restaurants, etc., which aid them in swelling their travel funds, and a year's subscription to a magazine of travel published by the organization. The latter contains a variety of travel information, the editorial aim being to increase the itch of readers' feet.

Odd Lots: Baked beans are now being marketed in glass jars by a Boston packer. . . . Space has frequently been rented by retail establishments on a percentage basis; now office rentals are offered on a similar basis in a New York building. . . . Cellophane drinking straws are being made available to mothers by a number of dairies as an effective means of getting children to drink their milk and like it. . . . A Niagara Falls, N. Y., laundry recently demonstrated its importance to the community by paying its employees in silver dollars. "Don't bank them—pass them along!" the laundry requested recipients, via newspaper advertising. . . . Wired broadcasts of sports and other news is offered taverns, restaurants and other public places in several cities; lessees pay a fee for installing of loud speakers and programs are sponsored as in radio, "commercials" being inserted at 20-minute intervals. . . . Several western railroads are following the air lines' example and employing hostesses on their trains. . . . A recent Sunday sightseeing train from Boston carried bicycles for passengers' use over White Mountains trails.

—PAUL H. HAYWARD



COURTESY GENERAL ELECTRIC CO., SCHENECTADY, N. Y.

Department stores find interesting sales promotions and reduction of returned goods in a new method of initialing linens, draperies, etc. The fabric monograms used have a thermoplastic backing which makes them stick through washings and wear

In Union There is Strength

By WILLARD L. HAMMER

Of the Staff of Nation's Business



In the Southern Furniture Market all lines are shown

CHAMBERS of commerce everywhere during the decade before the depression were spending much time and money in the effort to lure smokestacks to their towns. During the depression this industrial development work was allowed to slide for the more immediate jobs of helping business day by day and later of helping in codification and code enforcement.

Lately, however, chambers have renewed their search for smokestacks. This activity may result in the mere moving of one factory from town A to town B and the moving of another from town B to town A from which no one except the agencies doing the moving gains anything, or it may result in building up industries that are distinctly fitted to a certain town.

High Point, N. C., demonstrates the advantages and possibilities of a plan for integrated growth. Scarcely any of the 200 business organizations (excluding retailers) in this city of



Furniture factories had many jobs for men but few for women, so hosiery mills were opened to meet this deficiency

40,000 have been moved from other towns, and the two prominent examples of such moving were influenced as much by the desire to get a valuable technical man as by the desire for the factory itself. Most of these 200 businesses are locally owned and managed, and there is an obvious relation between the 29 furniture manufacturers, for example, and the overall and clothing ticket printer.

Study of the industries in High Point indicates that every business in the town must deal with at least one other firm, except, possibly, the ancillary firms such as food and automotive dealers.

High Point's growth along a defi-

nite plan came about by the firm guidance of civic leaders. The "father of the furniture industry in High Point" was Capt. W. H. Snow who started as a woodworker by making spokes and handles from the hardwood which was readily available. Then he convinced New England textile manufacturers that persimmon and dogwood, common growths in that vicinity, were ideal for bobbins and shuttleblocks. His argument was more convincing because the apple from which they had been made was becoming scarce. At one time the concern which he started had 30 per cent of the world's business in this line. This firm is still operating in High Point, although its name has been

YOUR INCREASED BUSINESS ACTIVITY INCREASES YOUR FIRE HAZARD



YOUR increased activity and rising prices naturally increase the value of inventory, work in process or finished goods. You have more to protect. It is also a matter of government record that fire losses increase in times of activity and decline with depression. Don't let a fire put a stop to your upward climb.

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changed to Jos. D. Cox & Sons, Inc.

Furniture manufacturing was a logical next step in the development of woodworking. The first furniture plant was erected in 1888. T. F. Wren, John H. Tate and E. A. Snow (son of Captain Snow) bought the machinery of a furniture plant that had gone bankrupt in another town and moved it and the superintendent to High Point. Since this plant was started to tie in with the woodworking plant of Captain Snow, it was perhaps the first step in expanding the town's industry along integrated lines.

Leadership and planning

CAPTAIN SNOW had first seen, and explained to his contemporaries, that High Point was advantageously located for woodworking with respect to labor, raw materials, and market. These advantages and astute local leadership brought an expansion of the furniture industry to some half dozen plants in a dozen years. At the same time allied lines were getting started.

With this rapid growth came the problem of display space. Individual manufacturers were showing their models at their plants and a few showrooms presenting non-competitive products of only a few factories were scattered over the town.

But it was apparent that a central showroom was needed where the many lines of all plants might be assembled for the buyer to look over and compare before placing his business. So, in 1921, furniture manufacturers of the South cooperated in building the Southern Furniture Market, at that time the world's largest building for the exclusive display of home furnishings. Here the first semi-annual furniture show was held in June, 1921.

New models are now shown semi-annually, but in recent years many manufacturers have maintained permanent exhibits in the building for the benefit of buyers who come between the regular market seasons.

The Furniture Market, in its turn, brought in a related business. At the first Market, in 1921, George T. Wood, then in the dry goods business, exhibited a line of rugs that eventually led his firm, Geo. T. Wood & Sons, to become a large rug jobbing house. Several rug and carpet manufacturers have local agencies or branch offices, although this industry has not been built up in High Point.

The development of the furniture industry in High Point has brought a group of service industries.

Large warehouses are maintained to meet the immediate need of any manufacturer; eight veneer, plywood, and panel manufacturers serve

the town and nearby territory; six lumber dealers (part of their product, however, is for construction) represent the country's major sources of supply. A number of machine shops are ready to minimize the loss of time and cost of breakdowns, and insurance and safety specialists are on hand to aid in safety programs and help reduce fire risks and, consequently, insurance costs.

Manufacturers of supplies for the furniture manufacturer include the Automatic Lathe Cutterhead Company, the Dickson Wood Carving Company, Hayworth Brothers, making wood carvings, and two cotton batting companies.

There are some 50 distributors of furniture manufacturing supplies ranging from fancy veneers and furniture hardware to glues and sandpapers.

A half dozen firms supply the industry with glass, mirrors, paints, fillers, stains, sealers, lacquers, varnish, brushes, and various finishing and decorative materials.

And there are four commercial photographers, for furniture catalogs require many photographs.

As evidence of the cooperative spirit of the town's businessmen in fostering other businesses than their own which contribute to the town's growth may be cited the purchase and rehabilitation of a short-line railroad which was needed to provide competitive railroad facilities.

Textile mills and woodworking

AT FIRST glance hosiery and textile plants seem to have no relation to furniture plants, but Frank J. Sizemore, secretary of the High Point Chamber of Commerce, has a different view. He explains that the textile growth came because the woodworking plants employed only male members of the family. This led a group of prominent citizens to start a cotton mill. That mill was destroyed by fire, but others were built including hosiery plants by J. Henry Millis and J. H. Adams, who induced C. C. Robins, then manager of a small hosiery plant in another town, to come to High Point. These three, with others, founded the High Point Hosiery Mill in 1905. Other plants were launched to manufacture cotton yarns to supply the hosiery mills which at that time were making only cotton hose. In 1927 a number of hosiery plants owned largely by the Adams and Millis interests were merged to form the Adams-Millis Corporation, one of the largest hosiery manufacturing companies of the country, and the only local corporation listed on the New York Stock Exchange.

In line with the town's policy of

stimulating businesses that tie in with its existing firms, it is looking ahead toward the establishment of a hosiery market which will do for its hosiery and textiles the important job that the Furniture Market has done for its furniture plants.

The shuttleblock firm, founded by Captain Snow, and a forerunner of the furniture industry, has, of course, found a market closer home through the growth of local textile concerns.

The textile branch of the town has stimulated the growth of cotton garment manufacturing. In this new group are manufacturers of overalls, work shirts and work pants, men's summer clothing, boy's knickers, shorts and underwear.

Service industries encouraged

AND again, as furniture did, so has hosiery stimulated the growth of service companies. Two paper box concerns serve a large part of local industry as well as an extensive outside territory. A recent newcomer makes chemicals and supplies for the textile trade.

The Rhodes Press, operated by Claiborn H. Rhodes, has an annual output of more than 25,000,000 over-all and clothing tickets.

There are also a number of machine shops, electric repair businesses, machinery repair, supply companies and other services which make easier the mechanical operation of the hosiery trade. Many hosiery manufacturers' agents have come into the picture. They provide an effective outlet for a great deal of hosiery manufactured not only by local mills but by mills at other places.

What are the advantages of this type of community development? The industries are mutually supporting. There is a pool of skilled workers to the advantage of both factory and worker since the factory can easily find skilled workers to expand operations and the worker dismissed can more easily find another factory requiring his skill. As to unemployment—the unemployment figures are hardly fair since workers flocked into High Point during the depression because of its comparatively good employment—there were 12,000 employees in factories in July, 1929; 10,150 in July, 1932; and 10,300 in July, 1935. And during the past five years there have been only 28 industrial failures out of about 200 organizations and 14 new firms were gained in the same period.

How can another town do likewise? It seems that High Point's development into its present well balanced industrial formation is due to a carefully planned program. To be



HEATH STUDIOS

"Sparta **NEEDS NO WALL..."**

Confident of their ability to defend their city, fearless Spartans flung the mighty boast, "Sparta Needs No Wall." • Unlike these self-sufficient Spartans, most of us today realize the need for help in safeguarding home, business, and bank account against numerous hazards. • Traditionally famous for prompt payment of all fair claims, the Standard of Detroit has for 51 years provided a staunch, impregnable wall of protection for the individual, business and industry. Notably dependable in good times and bad . . . this institution has paid over \$143,000,000 on behalf of its assureds. • 6500 experienced representatives throughout America provide nation-wide casualty and bonding protection and service to all policyholders.

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THIS MONTH ONE YEAR AGO



High-spot happenings during November, 1934

to a riot as thousands ran over the grounds destroying property.

Nov. 13—Threat of "war" over Parker Dam site vanishes when Federal Reclamation Bureau stops construction work on Arizona territory and Gov. Moer of Arizona withdraws his martial-law proclamation.



Nov. 14—Severe cold snap in many sections of country sends motorists to garages for anti-freeze. Some gamble on weather, putting in cheap "boil-away" liquids. Others, remembering last winter, fill up with Eveready Prestone.

Nov. 17—Thousands at Yale-Princeton football game shed overcoats as thermometer hits high for this time of year. Warm weather and hard driving evaporate much of the "boil-away" anti-freezes now in cars. Those using Eveready Prestone not bothered... it doesn't boil away or evaporate.



Nov. 25—Freezing weather sweeps down from north. Many cars using "boil-away" anti-freezes frozen up because of the evaporation of the anti-freeze during the warm weather of Nov. 17, 18 and 19. Cars using Eveready Prestone still have perfect protection.

Don't confuse Eveready Prestone with alcohol or glycerine. Eveready Prestone meets every anti-freeze specification of the National Bureau of Standards. One shot lasts all winter. The price of guaranteed Eveready Prestone has been reduced again this year. Check the chart on Page 49 and see how little it will cost to have perfect protection against both freeze-up and rust in your car all winter long.

SPECIAL OFFER... A "Weather Wheel" which will help you to forecast the weather. Also "Weather as a Hobby"—a 48-page illustrated book, prepared by weather experts. Full of fascinating weather facts. Send 10c (stamps or coin) to National Carbon Co., Inc., P. O. Box 600-3J Grand Central Station, New York, N. Y.

sure it was not the studied plan of a Chamber of Commerce, but it was the plan of that group which would now be the backbone of a Chamber. Much of High Point's growth came before the Chamber of Commerce was actually organized in 1919. Since then the Chamber has continued to coordinate development efforts.

Over and over in the story of High Point's growth occurs the phrase, "a group of leading citizens." This group of leading citizens saw which way the town should develop and led its development along that plan. They felt that their personal interests, as well as the town's, depended on development of industries that tied in with the existing industrial structure. That is why the Wrenns,

Tates, Snows and other leading citizens thought a furniture factory was needed to tie in with the existing shuttleblock factory and lumber mill.

And some years later, when furniture manufacturers saw the need of giving employment to the female members of families that wanted work, the Millises started textile and hosiery mills. And other prominent citizens interested in these fields have continued to develop closely related industries.

High Point's experience has indicated that an industry ill-fitted to the town can succeed with difficulty, if at all. Any town's experience can show that an industry that cannot succeed is, in the long run, worse than no industry at all.

Trial Balance

(Continued from page 34)

business. So for the other two hundred I gave notes secured by a mortgage on a little piece of land I'd picked out for my shack. Paid seven per cent on 'em.

"Bonds," said young Wilson.

"Bonds," agreed the manufacturer, "though I didn't know that at the time, either. I had to learn my finance as I went along."

Up to then I'd counted on Tom Wilson. He was my chum at the factory. I went to him and said:

"Tom, can you put your hands on a hundred dollars?"

"Yes," he said, "and more. Why?"

"Will you quit this job and go in with me as a partner?" And I outlined my plan, "I've got \$75 worth of orders already."

He listened me through.

"No, Ame," he said. "I'm well off as I am. My pay is enough to live on and put by a little. I've got one eye on a little house and another eye on a little girl—"

"You'll get cross-eyed that way, Tom," I said. "You keep both eyes glued to this business I'm telling you about for a few years and you'll be seeing bank rolls."

"I guess a marriage certificate is the only investment I'm looking to make for myself," he answered.

Arguing was no use; I couldn't budge him. "Being your own boss means packing a boss's worries," he insisted. "It isn't worth it, not to me. Look at our Old Man at the factory; shrivelled up like a spoiled nut with worry and scheming and figuring on how to keep far enough ahead of the game, and him not 50 yet. I don't want to get that way, Ame; not for any money. Besides, if I put my savings into it I couldn't sleep nights."

"I don't expect to sleep nights, myself, much," I said. "Not till I've got this thing going. Then I'll take it easy." That's all I knew about it at the time! "But I'm kind of knocked off my pins by your not coming in. I need you in that business worse than I need your money."

"All right, Ame," said Tom. "I'll come and work for you."

And he did. He was a good worker, Tom Wilson; the best. But at the end of the day's job he put up his kit and was through. He didn't take anything home with him inside his head or outside. I was never through. I lived in and for that shack, fussing with the machine at night to make sure it was ready for the morning, going over the stock, figuring up the orders, planning to get more, staking out extensions as the thing grew, and it did grow, for we were making good shoes at a reasonable price and a nice profit. At the end of the year I had another talk with Tom and gave him the chance again to come in on his own terms. But he was married by then and wouldn't listen.

"I'm all right as I am, Ame. Once and for all, no." So it was settled friendly and finally. The fairest I could do was to raise his pay and I did, till he was the best paid workman in town.

Next came my stockholder. I went to see him.

"Want your money back, Doc?"

"Not specially. Do you need it?"

"We're growing. I could use it."

"Go ahead, then. How much did it earn?"

"Oh," said I offhand, "your share of the profits shapes up to about \$50."

"Some dividend!" commented the youth, smiling.

"Forty-eight per cent, to be exact,"

replied the magnate. "It was bigger later."

"Pharaoh and the pyramids!" says Doc. "Let me leave it in, will you?"

I would. He kept on leaving it in. That's how he's a rich man now. Well, your father took his profits, his increased pay, and put them into a horse and buggy. I can see that horse and buggy now—*Amos Steele looked wistfully through the curling smoke rings into the vivid past*—and how pretty and proud Mattie—that's your mother—looked sitting up driving it.

By and large it made me a lot of trouble, that rig, because when I got married, about that time, my wife couldn't see why we couldn't have a turn-out.

"If Tom Wilson that works for you can afford it I guess you can."

All that sort of thing. Well, I couldn't. Every cent I could set aside was going into our little business to make it bigger. Surplus, all keeping active, making more surplus. Tom was investing his surplus in life. Both ways pay dividends, I guess, if you invest wisely and I'm not saying Tom's way wasn't wise. And I'm not saying which kind of dividends is best.

Invested everything

BUT I was investing more than my money; I was investing my time and thought and nerve and energy and youth, and, as the years went on and the business grew bigger and more demanding in proportion to its size, my home life and associations and—well, maybe a pretty liberal share of my happiness of a certain kind. Your father would know more about that than I; he specialized in that kind of—of security. A man ought to get pretty heavy returns on the kind of investment I put into that early business. It would be hard to reckon an adequate return in percentages—100 per cent; 500; 5,000—the kind of return which makes fool legislators tear their hair in Congress and talk about blood-sucking captains of industry. Bloodsucking—that's a good word. I invested my blood in that enterprise of mine, and I'm not certain that I've ever got all of it back—or its equivalent.

Ten men were working for me at the beginning of the second year, at the end there were 24. Tom Wilson was a foreman and did some designing, and we were putting up a real factory. In five years the pay roll had 200 men on it. Then the big slump struck us. By that time I'd bought a car; had to do it to keep peace in the family, though I don't think Mrs. Steele ever quite got over that horse and buggy of the Wilsons.

Well, the market just simply died

WHEN WAR COMES

The ability to pay losses over a term of years is not the only gauge of an insurance company's strength. A real test comes during grave crises of national and international proportions.

Five times during the last one hundred twenty-five years the Hartford Fire Insurance Company has carried on through the hazards imposed by war and war's aftermath, frequently a more critical and difficult period than the time of actual hostilities.

The test of time is important in that it demonstrates the soundness of the Hartford as an institution. The successful survival of all national crises gives significant testimony as to the strength and reliability of Hartford indemnity.

If you want Hartford nation-wide insurance, or if you are insured in the Hartford and while away from home suffer a loss, call any Western Union office in the United States, or the Canadian National Telegraphs, in Canada, and you will be given the name of the nearest Hartford Agent. If a broker handles your insurance, ask him to procure for you a Hartford policy.



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ON SEPTEMBER 11th, the United Press dispatch from Leipzig, Germany, said, "The autumn trade fair here attracted the greatest number of foreign visitors since the start of the depression, hailed by exhibitors as an un-failing sign of business revival." The details of the dispatch indicated a 25% increase in foreign visitors, over the Fall Fair of 1934.

The press has long acclaimed the 700-year old Leipzig Trade Fairs as "the foremost barometer of international trade." Present indications are that the Spring Fair of 1936, opening March 1st, will attract 8,000 exhibitors from 25 countries and 200,000 buyers from 76 countries! Will your firm be represented?

In the General Merchandise Fairs, the 6,000 exhibits cover every line for department stores and specialty stores. In the Great Engineering and Building Fairs, the 2,000 exhibits include machinery, tools, equipment and manufacturing processes for every purpose.

The buyers and business men who attend these fairs enjoy a distinct advantage over their competitors who do not. By covering the Leipzig Trade Fairs, you know six months ahead what the whole world offers in your line.

Our New York Office—or an Honorary Representative in your vicinity—will be glad to help you in every possible way—in determining the profit possibilities for your firm and in planning your trip to the Fairs. For further details, please write for Booklet No. 15. Leipzig Trade Fair, Inc., 10 East 40th Street, New York City.

The Administration Building on the old market square



on us. Cancellations, rejections, no new orders, other concerns closing up on all sides. But I wasn't going to shut our doors, not for a week, not for a day. I'd put all I had of soul and body into that concern and it was part of my pride to keep it going and to have the jobs ready for the men when they showed up in the morning; a kind of superstition, too, I guess. I sold the car; I mortgaged our house; I begged at the banks; the Doc got in behind me like the good old sport he was, and we pulled through. No profits that year for any of us; losses instead. But wages went on. They went on just the same.

In response to Steele's pressure on a desk button the inner guardian appeared.

"Mr. Amos, sir, there's fo' gentlemen wait—"

"Tell 'em I'm in conference. Eph, how long have you been with me?"

"Twenty-two years."

"How many strikes have we had in that time?"

"Strikes? Ain't had no strikes evah I heard of in this fact'ry."

Amos Steele to his caller. "You know why that is, my boy?"

"Why—I think—I suppose you pay high wages and maintain good conditions that keep the men satisfied."

"That's only part of it. My men have never struck on me because I've never struck on them. Their jobs have been there, their wages have been paid, whether the concern was making or losing. Sentiment, at first; that's what it was; sentiment for my concern because it was mine; vanity, if you like; that's a sentiment. They say sentiment doesn't pay in business. They're wrong. It has, in my business. But I didn't know that, either, at first."

That busted me, the strain of that crisis. A little nervous spasm in the corner of the big man's mouth caused the fresh cigar which he had taken to punctuate the reminiscence with strange aerial curves. Not financially; nervously. I had to take a vacation. Went to the woods; deep in where they have Indian guides. There I got the idea of popularizing moccasins. You see, I couldn't get away from business even there—never could—never will. I came back and put the Pantherfoot Moccasin on the market. In two months the factory was completely outgrown. This place was for sale. I didn't like to leave the old town, but we'd outgrown it. I took over this plant. Tom wouldn't come with me. He loved the old town; had all his investments there, peace, quiet, his home, his family life, the affections of his neighbors. And so he lived and died. And I lived and prospered. And that's the story of us two men.

"Did your father leave anything?" asked Amos Steele after a long pause.

"Enough to take care of my mother very simply and send me through college."

"I see. I've got a boy in college."

"Yes. He's in my class."

"That so?" Amos Steele leaned forward, sharply interested. "See much of him?"

"No. It's a pretty big place, you know. I don't travel with his set."

"Humph! Don't think much of 'em perhaps."

"Oh, I'd be glad enough to trail with that lot," answered the boy with his ingenuous smile, "if I knew them and could make the grade. But I can't afford it."

"My boy Delevan can," said Amos Steele a little grimly. "What he can't afford is the time and effort. He's just flunked out."

"That's tough."

"Part of the investment," returned Amos Steele cryptically. "Know young Holloway?"

"Just to say hello to."

"My daughter engaged to him."

Involuntarily young Wilson exclaimed, "What! I've never met her," he continued hastily, "but I've seen her at the dances and she seems so young."

"And by your tone I judge you don't think much of Holloway."

The boy reddened. "I really don't know a thing against him."

Business or family

"I DO. But there's nothing I can do. Not enough influence with my youngsters. You see"—the older man's grim features twitched—"I—er—invested my family, too, in a way. Never took time enough out of the business to see much of them. Fretty much all my surplus in life is invested right here. And I won't say but what the return isn't worth it. I'd like to have old Tom Wilson's view. What's yours—after a bit of history?"

The young man shook his head.

"You came here about a job, didn't you?"

"Partly."

"You can have it. But if you take it and make anything worth while of it, it'll be along my path, not your father's. What do you say?"

"I don't know what to say—off-hand."

"Take the evening to think it over. Then write me, will you?"

"All right, sir."

In the morning Amos Steele received the boy's letter. He read it slowly, consideringly. A smile, half cynical, half regretful, made no less somber the set look on his face.

"I thought so," said Amos Steele.

Corporation Tax Problems

TWO corporations, at least, have taken their tax problems to their stockholders through circular letters, because, as Sewell L. Avery, president of Montgomery Ward, says: "Corporations have no vote."

Donald D. Davis, president of General Mills, Inc., states the problem:

"In the past year we have paid to the Government processing taxes equal to one and two-thirds times the total amount paid by all our companies for salaries and wages. The processing taxes are equivalent in amount to a retail sales tax of from 14 to 20 per cent on all flour and most bread."

Mr. Avery finds a similar situation:

"In the past six months, amounts paid (including processing and excise taxes added to the cost of merchandise) for the support of federal, state, and local governments have approximated \$4,600,000, which is an increase of \$1,000,000 over payments made in the same period last year. This is more than \$1.00 per share on the common stock and exceeds the 80 cents per share earned for stockholders of the company. This tax burden is more than double that of two years ago. The recent federal Social Security Legislation . . . will mean an added cost by 1940 of at least \$1,500,000 a year in this one item alone.

Taxes can't be avoided

"THESE taxes, even though concealed in the way they are imposed, must be paid either by our stockholders or by our customers. Their effect is to increase the cost of merchandise to consumers, and to restrict seriously the return on your investment in the company. High taxes are the inevitable result of heavy government spending, and we must expect even more drastic taxes in the future. . . .

"In the face of burdensome and inequitable taxes, managements are severely handicapped in the conduct of business. The responsibility rests upon you, as a stockholder, a consumer, and a citizen, to direct the influence which you can exercise by your vote to the elimination of extravagant, wasteful expenditures, and uneconomic and unsound taxation by federal, state and local governments. *Corporations have no vote.*"

Mr. Davis also wrote:

"All of the flour milling associate

Pacific National Fire Insurance Company Standardizes on Monroe *"Velvet Touch"* Machines



HERE YOU SEE THE VALUE OF MONROE'S DESK SIZE—YOU CAN CARRY BOTH ADDING-CALCULATORS AND LISTING MACHINES TO THE DESK WHERE THE WORK ORIGINATES.

PACIFIC National of San Francisco, operating nationally with offices from Coast to Coast, carefully studied the whole field of figuring equipment before standardizing on Monroe Adding-Calculators and Listing Machines.

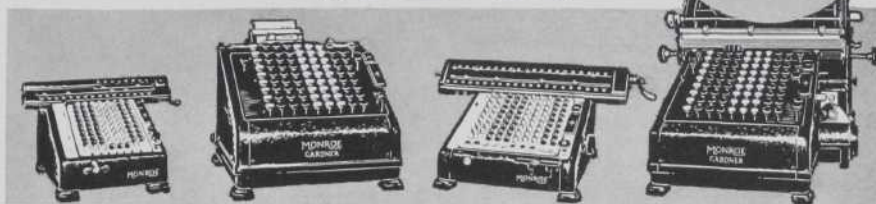
Insurance statistics and accounting procedure demand extreme accuracy and Monroe machines have lived up to every expectation. The "Velvet Touch" ease of Monroe operation; the sturdiness of the machines; their

desk-size and portability have all played a part in cutting down the cost of figuring. The service of Monroe-owned branches all over the country has assured Pacific National of uninterrupted figure work.

A call to the nearest Monroe-owned branch, or a letter to the factory will put a "Velvet Touch" Monroe to work on your own figures—no obligation. Monroe Calculating Machine Co., Inc., Orange, New Jersey.

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A FREE COPY OF
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A NEW 16 PAGE
BOOKLET

MONROE





ALKALINE BATTERIES WORK HARDER



FOOD FOR MILLIONS—Edison Batteries power industrial trucks for H. J. Heinz Company at Pittsburgh, Pa. ("Ketchup" and 56 other varieties). Because alkaline batteries are not subject to unexpected failure, they help Heinz to maintain a dependable internal transportation system. Of all American brands, only the Edison is alkaline.



DARK AND DANK is the mine. Locomotives employing Edison Alkaline Batteries prove dependable, safe and thrifty in mine service. Edison Batteries are steel-alkaline; others are lead-acid.



LONG, HARD PULLS like this call for sturdy batteries. Edisons "stay on the job" with a maximum of work accomplished and a minimum of "time out". That's why more Edisons are used in industrial trucks than all other makes combined.



HOT AND HEAVY are these plates about to become "Allegheny Metal". Trucks powered by Edison Batteries are used to haul them because production tie-ups would be expensive. Edison Batteries, because made of steel, are rugged as the job demands. Storage Battery Division of Thomas A. Edison, Inc., W. Orange, N. J.

companies of General Mills have instituted legal action to enjoin the Government from the collection of processing taxes.

"From the time of the imposition by the AAA of the processing taxes, it has been our opinion that such taxes were invalid. We nevertheless took no action initially to enjoin their collection, first, because we did not wish unnecessarily to be put in a position which might be misconstrued as interfering with the program of agricultural rehabilitation. . . .

Test suit was forced

"THE decision of the Supreme Court in the Schechter case, holding NRA unconstitutional, intensified the previous doubts as to the unconstitutionality of the AAA.

"Following this decision, the Administration caused amendments to the AAA to be introduced in Congress which, if passed, would have deprived us and all other processors of any opportunity to test the constitutionality of the AAA or to recover the taxes paid in event they were declared to be invalid.

"At about this same time we received increasingly insistent demands from our customers all over the country that we take appropriate action to test the constitutionality of the processing tax, and at about this same time suits were instituted by other processors, and particularly by other flour millers, to enjoin the collection of the processing taxes."

Mr. Davis indicates that he will from time to time write to keep the stockholders informed of the company's affairs and seek their help.

—W. L. H.

Try This On Your Conscience

THE Stets Company, of Boston, makers of boiler feed controllers, was asked by the War Department to submit bids on central heating equipment for the government power plant at 'Quoddy, Maine. It replied that since it felt the 'Quoddy Project was economically unsound, a waste of citizens' money, competing with a private industry which is already well regulated and profitable to the investor and consumer alike, and the policy would break down the faith and confidence in their government, "we must pass up any opportunity to profit from it, even though we shall have to pay for the wild oats which Uncle Sam is sowing."

So This is Business!

WE TALK about Business. We say it is good or bad. That something ought to be done or that too much is being done. And in discussing these generalities, we commonly forget that business itself isn't a generality. It is an unbelievable number of specific transactions. These cannot be lumped together in an all-inclusive statement that business is at a standstill or that business is picking up because, no matter how bad the times, or how harassing the general situation, somewhere business is showing a virility that moves constantly into new fields, that changes modes of life. Here are some of those typical activities.

Less Wealth to Share

Increasing production, not "redistribution," is the nation's most important economic problem, as seen by the *Railway Age*.

Total volume of all goods produced, as shown by cars loaded with freight: 31,276,083 for year ended June 30, 1934; 30,561,320 for year ended June 30, 1935, or 42 per cent less than in 1929.

How much smaller, absolutely and relatively, was the production of different classes of commodities in the year ended June 30, 1935, than in 1929? Here's the answer.

FREIGHT CAR LOADINGS

| | 1929 | Year Ending June 30, 1935 | Per Cent Decline |
|--------------------------------|------------|---------------------------|------------------|
| Live Stock | 1,419,191 | 987,896 | 20 |
| Coal | 9,095,271 | 6,130,679 | 33 |
| Grain and Grain Products | 2,396,195 | 1,534,002 | 40 |
| Mdse. L. C. L. | 13,165,573 | 7,481,794 | 43 |
| Miscellaneous | 20,547,169 | 11,492,793 | 44 |
| Coke | 634,427 | 309,437 | 51 |
| Forest Products | 3,248,408 | 1,182,419 | 64 |
| Ore | 2,201,506 | 812,007 | 64 |

Percentage of decline ranged from 20 per cent for live stock, produced almost entirely for the consumer's goods industries, to 64 per cent for forest products and ore, raw materials chiefly used in the durable goods industries.

"Why so much agitation about sharing the wealth while so little is done to increase the production of durable goods which, together with land, principally constitute the national wealth?"

Vacation Farm Relief

Eight hundred and sixty hotels and boarding houses in the Catskill summer resort section of New York State in a depression summer spend about \$2,551,000 for fresh farm products—\$1,121,000 for fruits and vegetables; \$1,430,000 for poultry and eggs.

A breakdown of the seasonal farm relief by Cornell University shows that:

"Of the total volume of fruits and vegetables consumed in the hotels and boarding houses, about 77 per cent were not grown in the Empire State; about 21 per cent were grown in the state, and about two per cent were grown by proprietors of the establishments.

"Of the poultry and eggs consumed, about 80 per cent were produced in New York State, about 17 per cent were shipped in from other states, and about two per cent were produced by the boarding house operators.

"Nearly 45 per cent of the New York State fruits and vegetables consumed in the hotels and boarding houses were purchased from local retail stores. Wholesale-produce houses supplied about 26

per cent, trucker-dealers 17 per cent, and local farmers 12 per cent.

"Of the fruits and vegetables not produced in the Empire State, about 46 per cent were supplied to the hotels and boarding houses by local retail stores; about 42 per cent were supplied by wholesale produce houses; and about 12 per cent were furnished by trucker-dealers."

Profits in Reverse

Dissection of the automobile business in Pennsylvania by Edward Payton, as reported by the National Association of Sales Finance Companies, Chicago:

In 1933 and 1934, 225 dealers sold 71,236 new cars at retail. They received \$55,049,565
Apparent net profit was \$ 4,847,565
They sold 124,428 used cars, or 175 used cars for each 100 new cars.
For them they got \$25,038,030
Trade-in allowance amounted to \$24,124,732
Reconditioning expense was \$ 1,689,684
Storing and selling expense was \$ 4,238,162
Total expense \$30,052,578
Loss on used cars \$ 5,014,548
Total new and used car business thus resulted in net loss of \$ 166,983

National Association of Sales Finance Companies comments: "We usually think of a dealer selling his goods and services for money, but more than 24 million dollars of the 'income' of these dealers was not money at all. Instead, it was used cars taken in lieu of money. These used cars, at their trade-in value, amounted to 22 per cent of all their receipts from motor vehicle sales and 44 per cent of their receipts from sales of new cars."

Pennsylvania figures may be summarized thus:

"In order to sell \$1,000,000 worth of new cars they had to buy and sell \$440,000 worth of used cars, in doing which they completely dissipate the profits resulting from the new car sales."

A Stitch in Time—

Needlework is coming back strongly as a leisure interest of women.

Consequences, as seen by the merchandising Division of the National Retail Dry Goods Association:

Ten million women are knitting, crocheting, making "needlepoint."

Two out of five New York women are plying needles.

Thirty per cent of the business and professional women in lower income brackets, and many housewives have joined the army of knitters.

Yarn production up 40 to 45 per cent in fall of 1934 over fall of 1933; spring of 1935 showed similar gain.

Art needlework departments, established in hundreds of stores, are moving to the front as leaders in store sales—second among the three departments reporting gains in the New England Federal Reserve District.

MAN Alive!

Forty More Years to Go!

By Harvey Blodgett

A VIBRANT BOOK which he-men read twice, carry in their pockets, quote from, talk about, give to Employees, Sons and Friends and recommend to Acquaintances.

A tonic for Up-standers, a lash for Leaners, a galvanizer for Tail-enders. . . . Proves that "life begins" when aspiration is born, regardless of age, environment or conditions. . . . Ten million young men and youth will become better Salesmen, better citizens, better MEN for reading it. . . . Demagogues and political leeches don't like this book a little bit. . . . Business executives are pulling strongly for it, urging its wide distribution. . . . An appropriate gift for Holidays or any season, especially for Good-will remembrance purposes.

YOU MEN

—especially Executives, Salesmanagers and Parents: Read "MAN ALIVE! Forty More Years to Go!". Then consult the low quantity prices printed on jacket.

OPINION OF BUSINESS LEADERS

MR. ROGER BABSON: It is a book which should be in the hands of every young man. I should think that many employers could well afford to buy a number of copies for their employees. . . .

MR. MILTON W. HARRISON: I can imagine no greater service than to inspire disheartened mankind to realize that there are today as many, or perhaps more opportunities than ever existed before. . . . I hope for this book the broadest kind of circulation so that thousands of readers may find renewed strength in it. . . .

MR. FRED G. GRUEN: I think this is one of the most excellent short books of inspiration I know of, and it would do every young man and woman good to read it.

MAYOR FRANK COUZENS: A little book with a big message for the youth of our Nation. Not since the pep talks from the coach in my football days have I had it handed to me in such a straight-from-the-shoulder fashion as it comes in this book. . . . I believe it to be a splendid medium of encouragement for our younger generation.

MR. J. L. FRAZIER: It appears that large organizations could well afford to give copies of this book to their salesmen and other employees who, due to wear and tear of conditions, are not percolating to the fullest extent of their ability.

The above are typical of many more letters, and of reviews, which this book elicits.

MAN ALIVE! Forty More Years to Go!

Pocket size, full cloth \$1, postage 6c
Postpaid when cash accompanies order
Liberal Discounts in Quantities
USE COUPON NOW!

BLODGETT PRESS, PUBLISHERS
1745 University Avenue, St. Paul, Minnesota

Send on approval _____ copies

"MAN ALIVE! Forty More Years to Go!" \$ _____
herewith

NAME _____

STREET _____

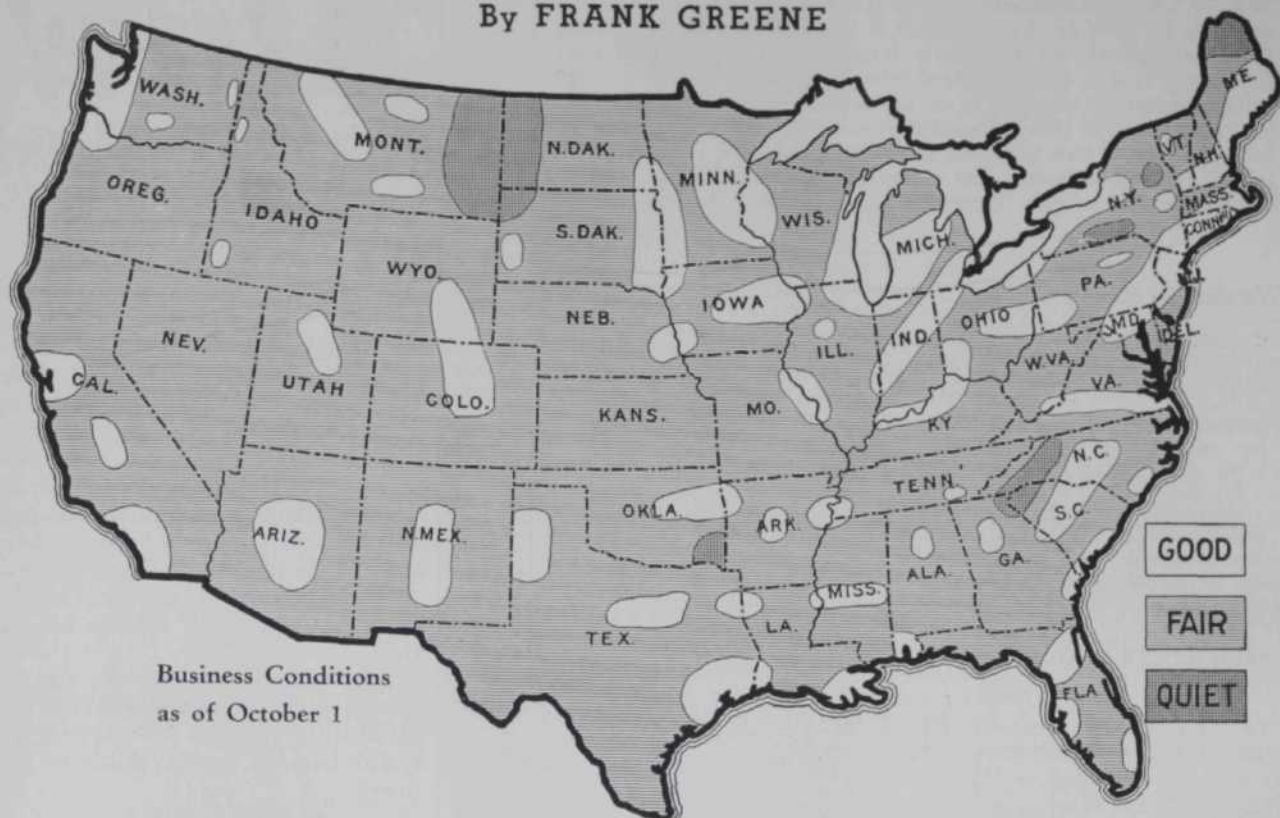
CITY _____

STATE _____

BUSINESS POSITION _____

The Map of the Nation's Business

By FRANK GREENE



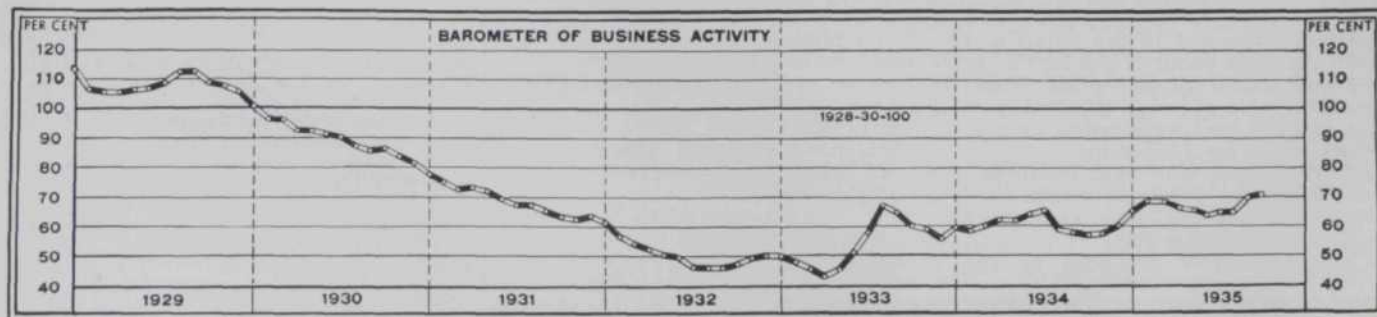
SEPTEMBER trade and industry advanced on a wide front showing percentages of gain ranging from five to ten per cent above a year ago. This was accomplished despite a heat wave in the West, a late harvest of cotton and the shifting over of auto production to new models.

Commodity prices were also strong, the Dun & Bradstreet compilations recording gains to levels not reached since 1930. The October 1 price level is seven per cent above January 1 and 60 per cent above March 1, 1933.

Some of the price strength is traceable to the straitened supplies of cereals and meat producing animals, but more is chargeable to the war talk abroad.

Steel production remained at about 50 per cent of capacity the entire month and, like pig iron, was practically double the September, 1934, output. Textile buying, woolens and silk especially, rallied. Cotton goods, too, improved. Carloadings reflected better crops this year than last. Many copper mines reopened. The canning industry recorded a new high record output.

Marketing of late crops and the expansion of trade have combined still further to brighten the map



BASED ON INFORMATION SUPPLIED BY DUN & BRADSTREET, INC.

With other factors holding firm or reacting but little, the slight rise in The Barometer of Business was due mainly to the expansion of freight carloadings

Warm Today...Freezing Tomorrow...Warm Today...Freezing Tomorrow

DON'T GET CAUGHT IN THE WINTER SEE-SAW

50°

One day the thermometer may climb as high as 50°... and ordinary anti-freezes boil off, evaporate. You lose your freeze-up protection.

20°

Next day, the thermometer may drop below freezing. If you depend on an ordinary anti-freeze, your protection may be gone. It's "buy again or freeze-up."

FIND YOUR CAR ON THIS CHART

IMPORTANT! The price per gallon of an anti-freeze means nothing unless you know how many gallons you will need during the entire winter. You can't get that information on a boil-away anti-freeze. But you can get it for Eveready Prestone...and here it is. See how reasonably you can get two-way protection all winter long against both freeze-up and rust with one shot of Eveready Prestone—one shot because it won't boil off, no matter how warm the weather gets between the cold snaps. If your car isn't on this chart, your dealer has a chart showing all cars; and amounts needed for temperatures to 62° below zero.

Find your car and read from left to right. The first figure shows the protection you get with one gallon of Eveready Prestone in the cooling system; the second with one and a half gallons—and so on. "+" means above zero. "-" means below zero. If your car has a hot water heater, add 1/4 gallon to the quantity called for.

| | 1 GAL. | 1 1/2 GAL. | 2 GAL. | 2 1/2 GAL. | | 1 GAL. | 1 1/2 GAL. | 2 GAL. | 2 1/2 GAL. |
|------------------------------------|--------|------------|--------|------------|--|--------|------------|--------|------------|
| Auburn | | | | | Hupmobile (con't) | | | | |
| 6-52, '34; 6-53, '35 | +12 | -4 | -27 | -59 | 322, '33; 422, '34; 518, '35 | +17 | +6 | -9 | -28 |
| 8-100, '32; 8-101, 8-105, '33 | +15 | +2 | -10 | -42 | 326, '33; 426, '34; 527, '35 | +19 | +10 | Zero | -15 |
| 8-95, '30; 850, '34; 851, '35 | +17 | +6 | -9 | -28 | La Fayette | | | | |
| Buick | | | | | 1934; 3510, '35 | +15 | +2 | -16 | -42 |
| 40, '34, '35; | +6 | -18 | -54 | | La Salle | | | | |
| 60, '32; 50, '33, '34, '35 | +10 | -8 | -34 | -62 | 350, '34; 35-50, '35 | +15 | +2 | -16 | -42 |
| 80, 90, '32; 60, '33, '34, '35 | +15 | +2 | -16 | -42 | 345-B, '32; 345-C, '33 | +21 | +13 | +3 | -9 |
| 80, 90, '33; 90, '34, '35 | +19 | +9 | -3 | -19 | Lincoln | | | | |
| Cadillac | | | | | 136, '33, '34, '35; 145, '34, '35 | +23 | +17 | +10 | -2 |
| 370-D, '34, '35 | +14 | Zero | -21 | -50 | Nash | | | | |
| 355-D, '34, '35 | +16 | +4 | -12 | -34 | 60, '31; 960, '32, 70, '31; 970, '32 | +3 | -25 | -62 | |
| 452-D, '34, '35 | +19 | +9 | -3 | -19 | 1130, 1070, 1170, '33; 1220, '34 | +12 | -4 | -27 | -59 |
| 370-A, '31; 355-B, '32; 355-C, '33 | +21 | +13 | +3 | -9 | 1280, '34; 3580, '35; 1080, 1180, '33 | +17 | +6 | -9 | -28 |
| Chevrolet | | | | | Oldsmobile | | | | |
| Stand, '33, '34, '35 | -12 | -62 | | | F-30, '30; F-31, '31; F-35, '35 | +3 | -25 | -62 | |
| Master, '33, '34, '35 | -6 | -47 | | | F-32, L-32, '32; F-33, '33, L-35 | +12 | -4 | -27 | -59 |
| Master, '31, '32 | Zero | -34 | -62 | | L-33, '33; L-34, '34 | +15 | +2 | -16 | -42 |
| Chrysler | | | | | Packard | | | | |
| 6-, '32, '33, '34, '35 | +12 | -4 | -27 | -59 | 120, '35 | +12 | -4 | -27 | -59 |
| 8-, '31, '32, AF, IMP, '35 | +15 | +2 | -16 | -42 | Sup. 8, '33, '34, 8, '33, '34, '35 | +16 | +4 | -12 | -34 |
| Roy 8, Imp 8, '33; Air 8, '35 | +16 | +4 | -12 | -34 | Sup. 8, '35 | +18 | +8 | -6 | -23 |
| Imp, '30, '77, '30, 70, '31 | +18 | +8 | -6 | -23 | 745, '30; 845, '31; DeL, '32 | +21 | +13 | +3 | -9 |
| De Soto | | | | | Pierce Arrow | | | | |
| 6, '31, '32; '33; 8, '31 | +10 | -8 | -34 | -62 | 41, 42, 43, '31; 54, '32; 830-A, '34 | +21 | +13 | +3 | -9 |
| 6, '34 | +16 | +4 | -12 | -34 | 840-A, '34; 845, '35 | +22 | +15 | +6 | -5 |
| Airflow, Airstream, '35 | +12 | -4 | -27 | -59 | Plymouth | | | | |
| Dodge | | | | | 30, '30; PF, PG, '34 | +6 | -18 | -54 | |
| 6, '32, '33, '34 | +8 | -12 | -43 | | PA, '31; PB, '32; PE, '34; PJ, '35 | +10 | -8 | -34 | -62 |
| Sen 6, '30; New Six, '35 | +12 | -4 | -27 | -59 | PC, PD, '33 | +3 | -25 | -62 | |
| 8-32, '33 | +15 | +2 | -16 | -42 | Pontiac | | | | |
| Ford | | | | | '30, '31; 6-32, '35 | +6 | -18 | -54 | |
| A, '30, '31; B, '32, '33 | Zero | -34 | -62 | | 8-33, '34, '35 | +8 | -32 | -43 | |
| V-8, '32, '33, '34 | +18 | +8 | -6 | -23 | Reo | | | | |
| V-8, '35 | +16 | +4 | -12 | -34 | 6-21, 6-25, '32; FC, '35; Roy, '35 | +15 | +2 | -16 | -42 |
| Graham | | | | | 8-25, '32; S-2, '33; S-6, '34 | +16 | +4 | -12 | -34 |
| 73-Spl 6; 72-8, '35 | +14 | Zero | -21 | -50 | Studebaker | | | | |
| 6, 8, '33; 6, 8, '34; 75, '35 | +16 | +4 | -12 | -34 | Com 8, '31, '32, '33; Dict 6, '34, '35 | +10 | -8 | -34 | -62 |
| Hudson | | | | | Dict '31, Com 8, '34, Pres 8, '33, '34 | +14 | Zero | -21 | -50 |
| 8, '31, '32, '33; 6, '35 | +12 | -4 | -27 | -59 | Pres 8, '31, '32, '35; Com 8, '35 | +17 | +6 | -9 | -28 |
| 8, '35 | +17 | +6 | -9 | -28 | Terraplane | | | | |
| 8, '34 | +19 | +9 | -3 | -19 | 6, '32, '33; 6 Spec, '35 | +3 | -25 | -62 | |
| Hupmobile | | | | | 8, '33; 6 DeL, '35 | +10 | -8 | -34 | -62 |
| 18, '31; Cent. 8, '32; 321, '33 | +10 | -8 | -34 | -62 | 6, '34 | +14 | Zero | -21 | -50 |
| 417, 421, '34; 521, '35 | +10 | -8 | -34 | -62 | | | | | |

Put in EVEREADY PRESTONE

the GUARANTEED* ANTI-FREEZE

One shot, put in now, will guard your car against freeze-up and rust all winter. Eveready Prestone won't boil off no matter how warm the weather gets between the cold snaps. Has no odor. Specifically guaranteed.

ASK YOUR DEALER THIS ONE QUESTION

Of more than 100 brands of anti-freeze on the market, most are based on alcohol—but are not plainly labeled as such. So ask your dealer this question about any anti-freeze you consider buying: "How much of this product is alcohol?" That is important, for alcohol, no matter how disguised or what it is called, is subject to evaporation, leaving you without adequate protection.

Your dealer will tell you that Eveready Prestone contains no glycerine, no alcohol... and that it will not boil off or evaporate. Back of every drop of Eveready Prestone is the following guarantee... your definite assurance of all-winter protection.

*A DEFINITE GUARANTEE

"National Carbon Company, Inc., specifically guarantees that Eveready Prestone, if used according to printed directions, in normal water cooling systems, will protect the cooling system of your car against freezing and clogging from rust formations for a full winter, also that it will not boil away, will not cause damage to car finish, or to the metal or rubber parts of the cooling system, and that it will not leak out of a cooling system tight enough to hold water."

SPECIAL OFFER... A "Weather Wheel" which will help you to forecast the weather. Also "Weather as a Hobby"—a 48-page illustrated book, prepared by weather experts. Full of fascinating weather facts. Send 10c (stamps or coin) to National Carbon Co., Inc., Box 600, Grand Central Station, New York, N. Y.

Name _____

Address _____

(N. B. 11)

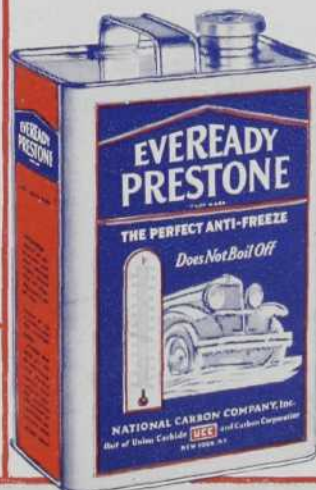
UCC

Unit of Union Carbide and Carbon Corporation

PRICE REDUCED AGAIN

Eveready Prestone was used by a million more motorists last winter than the winter before. Thanks to by far the biggest volume in its history, the price has been reduced again to only \$2.70 a gallon.

\$2.70
A GALLON



WHERE, WHICH,

what

AND "KNOW HOW"



● The most direct way to take advantage of the fundamental characteristics of Aluminum, many industries have found, is to profit by our accumulated "know how."

Over a period of nearly half a century our research men and engineers have been piling up experience in the profitable utilization of Aluminum through helping to solve problems of design, fabrication and application for hundreds of industries.

Their experience discloses *where* Aluminum can be used with the greatest economy to achieve improvement in operation, in convenience, or in lengthened life.



They can designate, from intimate knowledge, *which* of the great family of alloys will do the best job in each individual product or part.

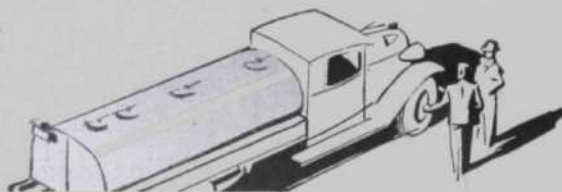
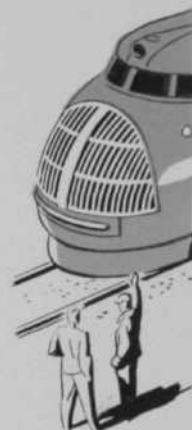
They can suggest *what* form of Alcoa

Aluminum, whether castings, sheet, extrusions or pressings, will perform best.

And finally, with coats off, they often demonstrate the "know how" to handle and fabricate, right in the customers' plants.

The fundamentals of Aluminum are simple. It reduces weight, to save power and to add efficiency, convenience, and mobility. It resists corrosion, to lengthen life and to maintain appearance. It is used either to speed or retard the transfer of heat.

The simple and direct approach to full utilization of the fundamentals of Alcoa Aluminum is to call upon our engineers. Their counsel has always been available without obligation. It is so offered, today, to any executive or engineer. ALUMINUM COMPANY OF AMERICA, 1825 Gulf Building, Pittsburgh, Pennsylvania.



forward via fundamentals

Render Unto Caesar . . .

(Continued from page 30)

tion and self-respect, curb enterprise, and weaken moral fiber. Man will not long continue to exert himself in productive effort after he finds he can get a living without doing so. The resulting idleness eventually destroys both the desire and ability to work.

To be successful, regimentation necessitates the breaking-down of the family ties so that the growing child will have no greater affection for one person than for another, and this leads to the bringing up of the child by the state, just as any other animal is brought up.

The destruction of the marriage relation naturally follows, and reducing human beings to the status of beasts of the field.

These are all fundamental principles of the liberal philosophies so widely heralded today; they are the exact antithesis of the principles, the teachings, and the ideals of the church, and in preaching them our ministers are today destroying her very foundation.

Too much wealth?

WHAT of your statement that too large a share of national income goes to those who reinvest it in industries already overdeveloped and too small a share to those who would use it for the necessities of life?

Isn't it true that when one invests his savings in a productive enterprise, such enterprise, if successful, administers to the common good by increasing the supply of wealth and the opportunity for employment? Are you not suggesting that we can solve our problem by cutting the production of wealth to be divided as well as the number of jobs?

Moreover, the great sources of investment capital are not the savings of those whom you describe as receiving "too large a share of the national income," but the massed savings through the savings banks, the insurance companies and the building and loan companies, of those of more modest income.

What are overdeveloped activities? Few, if any, of us have all the things we want and, so long as wants are unsatisfied, can we talk of industry as overdeveloped?

The excuse given by those who support these destructive proposals is that the economic system has failed, because some men are very wealthy, and many men are poor, a condition which has always existed, and always will, so long as God gives a high degree of brain power, initiative and in-

dustry to some, and opposite qualities to others.

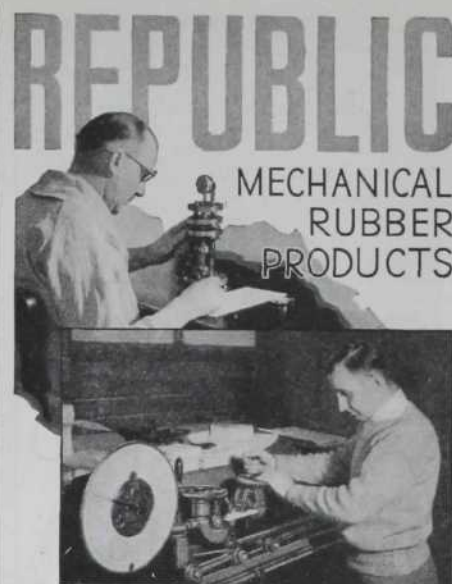
To support this contention, they make all sorts of statements as to the distribution of wealth and income, none of which has the slightest foundation in fact, or can be supported in any degree by the statistics which are readily available.

No thoughtful person, recognizing the fundamental fact that wealth is not money, but rather "desirable things"—things which satisfy human wants—can look about him without realizing the utter absurdity of the statement that 2 per cent of the people own 60, 80 or 90 per cent of the wealth of this country. These "desirable things" consist of about 7,000,000 farms, with their equipment and live stock; and 28,000,000 private homes, with everything which they hold, half in each case being owned outright by those who occupy them. They consist of hundreds of thousands of stores, shops, small business enterprises; of considerably more than 1,000,000 corporations, of which only about 2,500 are large enough to have their stock listed on any stock exchange; of more than 45,000,000 individual deposits in savings banks, and 10,000,000 memberships in building and loan associations with assets of more than \$8,000,000,000; of 113,000,000 life insurance policies, representing actual assets of more than \$21,000,000,000; of 20,000,000 privately owned automobiles, and of other assets whose totals run into unbelievable figures.

Little fellow has business

THE business of America is still predominantly the business of the "little fellow," and her national wealth, more than in the case of any other people in history, consists of the aggregate of millions of small ownerships. Any one who says that most of this wealth is controlled by a few men in Wall Street knows nothing about the facts of American life!

Nor is the situation different when we come to examine the national income. Figures just released by the Department of Commerce, and announced by the National Industrial Conference Board on August 20, show that, for the four worst years of the depression, 1931-1934, the total national income paid out totalled \$203,000,000,000, of which \$132,000,000,000 was distributed in wages and salaries, and \$33,000,000,000 in entrepreneurial withdrawals, these being the withdrawals of shopkeepers, tradesmen and farmers, who don't



TESTS! Tests! Tests!

TESTS of crude rubber, of rubber compound, of reenforcing materials and of the products themselves after every stage of development—tests, tests, tests—these are the accurate determinations that Republic Mechanical Rubber Goods will not only meet your specifications but also the rigid demands of Republic's own high standards.

Republic's operations are dominated by engineers and technologists of long training and experience. Extensive plant and manufacturing facilities are secondary in importance to scientific control and the zeal of our entire organization to furnish for each distinct service the highest quality product that can be achieved.

Republic's belting, hose, packing, molded products and extruded specialties are in wide demand from coast to coast. Distributors in all sections are prepared to supply your needs accurately and without delay.

**THE REPUBLIC
RUBBER COMPANY**
YOUNGSTOWN, OHIO

Leadership

IN POLICY, PRODUCT AND PERFORMANCE

**Order Republic Rubber Products
From Your Distributor**



20% of a pay check **SAVED** IS 20% more wages **EARNED**

Poor Richard first said it. But he referred to pennies. Household says it with dollars, and does what Poor Richard neglected to do—shows the wage earner how to make the saving. The wife of one of our customers writes:

"Since we started using your system (Money Management Plan and Bulletins on Better Buymanship) John says it is just like a 20% increase in his salary."

We don't claim that every family will immediately have 20% more to spend. We *do* know that given the kind of help we have found practical the average family will find ways to stretch dollars that have never before occurred to them. 20% is 20%—whether you give it to your men—or whether, through intelligent home money management, they earn it for themselves. From your standpoint, the result in better, happier workmen is the same.

If you employ men—send for sample copies of our Bulletins. You will be interested in Household's method of teaching families to manage money and stretch dollars—a part of Household's complete family financial service, which includes the making of small cash loans, to be repaid in installments, enabling the family to remain in good financial health.

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differentiate between wages and profits, and who obviously represent small units.

During this four-year period 81.5 per cent of the total national income paid out went to these people. (The figure in 1934 was 83.4 per cent, as against 80.8 per cent in 1929, showing that their *proportion* of the national income has increased during the depression.) During the period, rents and royalties, a large part of which goes to small people of moderate income, accounted for \$5,000,000,000, or 2.5 per cent of the total, while dividends and other items going to property income accounted for \$32,000,000,000, or 15.9 per cent.

Surplus helps pay wages

NOTHING in these official figures indicates that property is prospering at the expense of labor, and this is especially true when it is realized that, of the total income paid out, upwards of \$25,000,000,000 was not earned, but was taken out of surplus, which means money earned in previous years and stored away for an emergency.

If the doctrine of doing away with profits had been in force before the depression, the national income paid out in the course of these four years would have been decreased by this tremendous sum, and human suffering would have been correspondingly increased. In 1932, the people having incomes of \$10,000 or more absorbed 6.4 per cent of the national income, and in 1928, the year of the largest income, if the government had confiscated all of their money in excess of \$10,000, and had distributed it equally, the *per capita* income would have been increased by only \$76.

Nothing in the actual distribution of wealth or of income justifies you in advocating the overthrow of American institutions to correct this fancied wrong, and such advocacy is little less than criminal when it is realized that the verdict of history, repeated again and again, back as far as we have any record of human activity, shows that the platform you advocate will not improve the condition of the average man but, on the contrary, will push him again into poverty and degradation!

What does this program mean to the church?

Individualism is necessary

THE very foundation of the Christian religion is the individual and his relationship with his God. Collectivism has no place in it. Economic freedom and religious freedom are indissolubly bound up together. The destruction of individualism must in-

evitably lead to the collapse of a religion based upon that individualism. It is inconceivable that man can be free to worship as he chooses on Sunday when his life is regimented and controlled on the other six days of the week. Inevitably the government which has the power to plan his economic life will seize the power to plan his religious life. "Planned economy" means "planned religion"—the substitution of the state church for the free church, and the gradual degeneration of the people into atheism.

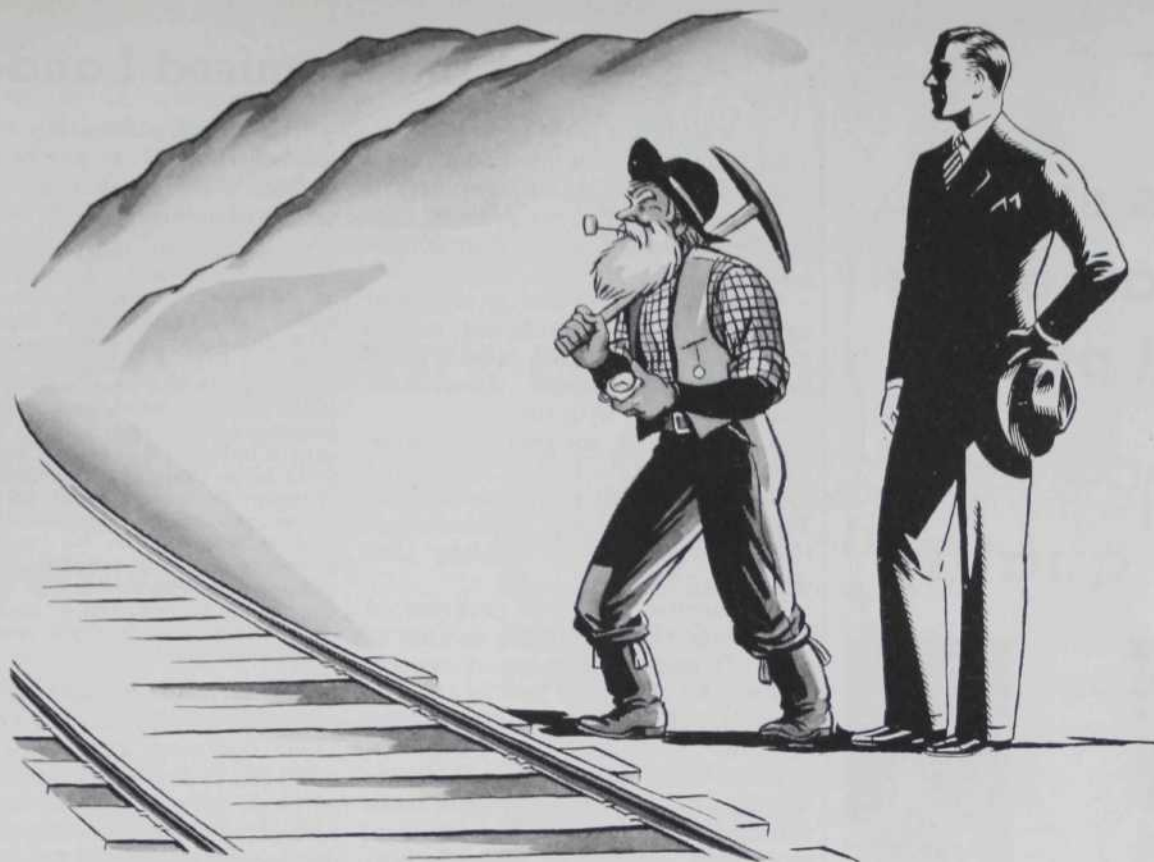
Not only is this the inevitable logic of the situation, but it is the avowed purpose of the principal proponents of this philosophy. Karl Marx, Engels, Liebknecht, and many other leaders of the socialist movement have repeatedly stated that, in modern society, there is no place for God. The road you are seeking to have us travel leads to a destination in which there is no God and no religion. And if, through your leadership, we finally reach that destination, the fact that your intentions were good will not avert the catastrophe, nor absolve you from responsibility in helping to bring it about.

The function of the church is not economic or political; it is spiritual, and inasmuch as the things of the spirit control all material things, it is of commanding importance. The job of clergymen is to build Christian character; to make Christian men, who in their daily dealings with complex problems will make their decisions in accordance with Christian principles. Only as it makes men of a better and a finer character can it build a better and a finer social structure.

Will We Soon Import All Food?

A CHICKEN raiser almost in the shadow of the Washington monument mixed some feed of oats, corn and wheat the other day. The oats came from the Argentine, the corn from the Argentine while the wheat was American. Then he prepared a laying mash of wheat middlings, wheat bran, corn meal, ground oats and meat meal. The middlings came from Poland, the bran from Brazil and the meal was ground in this country from Argentine corn. The oats and meat weren't labelled; so he's inclined to think they came from the United States.

A strange world in which we check our own wheat raising and import wheat by-products from Poland and Brazil.



NOW IS THE TIME . . .

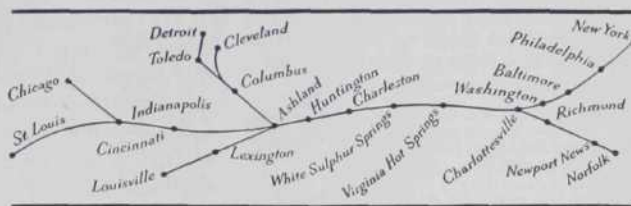
for all good business men to go prospecting!

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Seeking the Promised Land

(Continued from page 25)

able tract, the Administration exercises these options and buys land. It is not expected that the price of such land will exceed three or four dollars an acre.

That leaves the new government agency with two problems on its hands—a large number of poor families and a large amount of poor land. What is it to do with them?

As to the land, the problem is comparatively simple in the opinion of Professor Tugwell and his associates. The Division of Land Utilization of RA has the task of deciding that question.

It inherited the land program of FERA and the land policy section of AAA. It has any number of experts in its own personnel and in the Department of Agriculture upon whom to draw.

With their advice, it will decide whether the land bought from these farmers shall be used for forestry, recreation, grazing or wild life protection.

Lands for "a public purpose"

"LANDS," says the Resettlement Administration, "will be selected for purchase either because they are needed for some public purpose such as recreation or wild life protection, or because the continuance of some ill-adapted usage tends to produce serious social and economic problems that can be solved only by public acquisition and control."

It is possible that grazing and reforestation may in time produce an economic return. It is difficult to see how the other two uses can be anything but a drain on the taxpayers' pocketbook.

The purchase by the Federal Government of privately owned land for purposes of recreation or wild life preservation would have seemed an unbelievable distortion of the Constitution to the men who wrote and signed that compact among the states.

Having decided what to do with this land purchased because it is, in the opinion of government experts, unfit for farming, what is to become of the families who have been living on the land?

In the rather mild words of the official statement of the Resettlement Administration:

The [Land Utilization] Division will also render some necessary assistance to families who, after selling their present farms to the Government in connection with this program, ask for further help in finding satisfactory homes elsewhere.

In another publication of the Administration is a somewhat more elaborate explanation of "some necessary assistance":

To put on a self-sustaining basis 350,000 farm families, which is the present goal of the Resettlement Administration, requires much time and patient work through decentralized agencies. After land has been acquired for the need of those who should move to new locations, steps must be taken to assure that the persons so resettled will be enabled to earn a living and raise the standards of their home life. Ideal functioning of the program involves careful social studies of the groups concerned, and the acquisition of land not too far removed from places where the families are already accustomed to conditions. In no case will any family be removed to another locality without that family's voluntary acceptance of the land.

The Government had an option to purchase in July of this year about 11,000,000 acres at an average price of \$4.35; it had authorized purchase of more than 6,500,000 acres to be turned over to reforestation, grazing, recreation or wild life protection. It is buying other millions of acres on which to settle these farmers. For these better acres it must pay presumably more per acre than it receives for the abandoned lands. It must then resell these newly bought acres to the transferred farmer for what little cash he may be able to raise and accept his notes for the rest.

The Federal Government then is engaging in a stupendous real estate transaction.

It is not defensible on a profit making basis and no one tries to defend it on such a basis, although its backers talk hopefully of it as "self-liquidating."

Perhaps the transaction is self-liquidating, but the safer way is to talk of "human good," and the betterment of the lives of American citizens and let it go at that.

To establish suburban homes

THE third job of RA is to set up rural and suburban garden homes, inherited from the Subsistence Homestead unit already referred to. Some of these projects came also from the Federal Emergency Relief Administration.

In all, there are more than 100 of them scattered all over the country. Some are little more than an option and a name; others have reached what RA calls "the more difficult state of management; that is, they are functioning well, excepting for the important task of bringing some form of industry to the projects by



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which the homesteaders may earn a cash income."

Most men get a job first and then a home, but the Government seems to work the other way around. Set up a community and then trust for work. One thing the Tugwell group is wary of is setting up new and competing industries. They have some knowledge of the stir that arouses.

"We might," said one high in the Administration, "advance some government money if the settlers started a cooperative industry of their own, such as a canning factory."

He didn't look forward to such activities as furniture factories or textile mills.

What will it cost?

HOW much money does this new agency plan to spend? As a whole, one can only guess. For this year its plans have just been made fairly definite.

From one source and another they will have to get rid of, before June 30 of next year, about \$260,000,000, most of which comes from the four billion public works appropriation.

Of this, the largest sum, \$90,000,000 will go for rehabilitation loans. In addition, \$52,000,000 will be spent in direct relief to farm families. They hope to help in one way or the other 325,000 farm families.

Next biggest is \$40,000,000 for resettling 10,000 to 15,000 families.

Then comes \$31,000,000 for major suburban housing projects near large industrial centers. (Another complication in the already tremendous tangle of federal housing plans.) These are new projects to provide for 5,000 families and are in addition to the hundred or so communities proposed or which the Administration has under way.

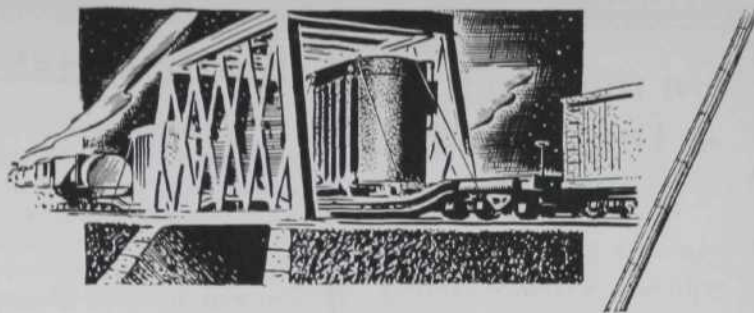
Next is \$22,000,000 for purchases of submarginal lands under the resettlement program and an odd \$2,000,000 for debt adjustment service to help farmers in adjusting their debts.

How long will this all last? Ten or 15 years. No one knows. That is, unless the American public puts its foot down.

How much will it cost? Well, if it costs \$40,000,000 to resettle 10,000 to 15,000 families, how much will it cost to resettle 300,000 to 400,000 families?

It's a simple problem in the Rule of Three.

Meanwhile, we are seeing another great group of Americans brought more closely under the control of the central Government in Washington, and another great breaking down of state lines.

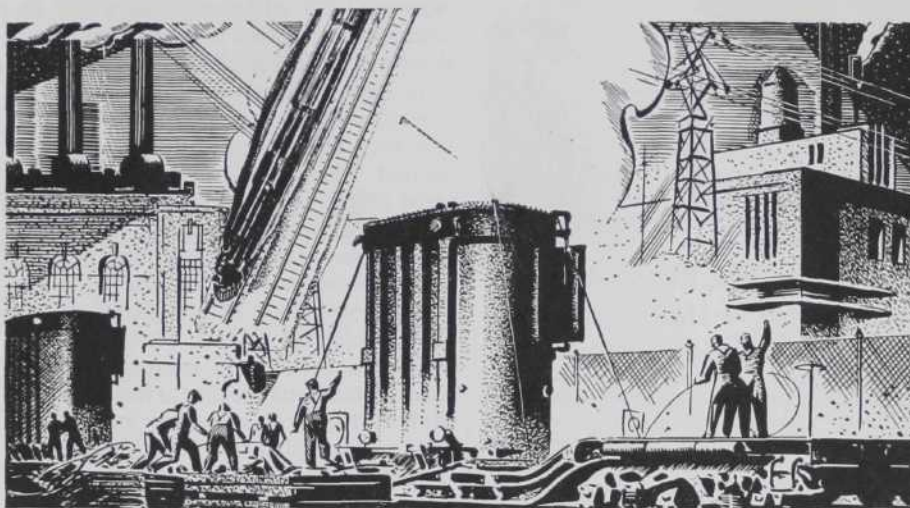


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Shall Washington Manage Business

(Continued from page 22)

and one section with others. It has undertaken, by and large, to mold the activities and destinies of the people to a single national pattern.

The government has resorted to the expedient of blanket grants of authority to administrative agencies. This has resulted in the amplification of "administrative law" as a substitute for specific statutory law and the creation of a wide twilight zone, the regulation of which is left, within vaguely general limitations, to the will of subsidiary government commissions. It has built up a sprawling political bureaucracy with authority to shape, in large degree, the conduct of business and has used its taxing and spending power to compel obedience to its decrees.

Look before you leap

WHETHER these methods are in themselves to be discountenanced or commended, the consequences to which they will inevitably lead will be so far-reaching that it would be fatuous to ignore them. They bring us face to face with the question whether, to meet the difficulties before us, it is necessary to depart from old and tried ways that have led to exceptional national achievement and whether the innovations to which we are resorting will best secure the country's future welfare.

It is not merely a matter of choice between the old and the new, between going ahead and standing still. We need not accept the premise that only the old is good any more than the premise that in change alone lies the way of redemption. We are concerned only with determining the most effective way of overcoming the grave obstacles immediately ahead of us and laying the basis for orderly progress and development.

The impact of this expanding federal supervision and control of industry has come in many ways—in discriminations in taxation and the distribution of benefits, in numerous investigations and continuous inspection, in the imposition of penalties for failure to conform to federal regulations and in the expenditure of public money to further undertakings in direct competition with private enterprise. In all such instances, private industry has had no choice but to give ground, with no assurance that it will not be called upon to yield further as time goes on.

These effects are not impressed upon the consciousness of the men and women who work as economic

generalities. They appear in the form of disconcerting facts over which they stumble in the course of their day-to-day activities. It might be the necessity of making the pay or dividend check go a little farther to meet the demands for increased taxes, either direct or disguised in the prices paid for food, clothing and shelter. The worker is becoming aware that he is no longer free to accept employment under such conditions as he may choose. The employer, small as well as large, finds that neither he nor his employees are at liberty to agree upon the terms under which they may collaborate in industrial undertakings. The consumer is learning that the price he pays for things is not solely a matter of bargaining between himself and the man who produces them. There are few of the vast multitude of daily transactions which go to make up what we call "business" that are not now coming under the shadow of some federal law or regulation or that cannot be brought under the scrutiny of a federal board or bureau or commission.

Some regulation is needed

NO ONE can gainsay that a certain measure of regulation is necessary or desirable. It has always been necessary. It is more necessary now than it was 100 or even 50 years ago and it probably will become still more necessary as economic relationships are knitted more closely together and we become in greater degree mutually dependent in the business of earning a living.

But the measure and the form of regulation has been hitherto left, for the most part, to the political agencies or governments most closely in touch with the conditions to be corrected, and it has been shaped to the end of correcting abuses which clearly threatened the continuity of established business enterprise. If it came to be impractical or unwise, as experience oftentimes proved it to be, it could be abandoned without subjecting the industry of the entire country to its disturbing effects.

This policing of business by local and state authorities is vastly different from regulation by a single government authority which has for its purpose, not merely the suppression of clearly defined evils, but the recasting of old ways of producing and buying and selling, of regulating the flow of income and of readjusting economic relationships in accordance with a single preconceived political



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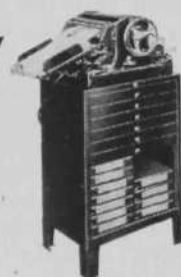
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pattern. We are confronted, in other words, with the question whether we shall continue to have "federalism"—i.e., federation—in the United States or whether it shall be displaced by an entirely new method of political administration—"centralism."

Security is not new

IF SECURITY of person, of property and of opportunity is the objective, in what respects have the states failed and what justification is there for the assumption that the Federal Government has superior abilities and greater wisdom to apply to the direction and supervision of individual activities? Has the pioneering in social welfare been done by the states or by the Federal Government and which offers the prospect of being most practical and effective? So far as the public regulates the occupations of men and women, scrutinizes the employment contracts they make and prescribes the conditions under which they may work, should this be done by a political agency close to the facts to be dealt with and the people affected by them, or a political agency possibly 3,000 miles away? Should the regulation of productive activities be prescribed by a federal bureau in conformity with a rigid general plan or devised by local authorities to meet local conditions and requirements?

These are questions that cannot be weighed too carefully, for upon the answers to them will depend the course of national development for many years.

These questions are not new. Neither are the conditions which have given rise to them, as we are persuaded to believe, of recent origin. Years ago James Bryce weighed them and he came to this conclusion:

Federalism, by creating many local legislatures with wide powers relieves the national legislature of a part of that large mass of functions which might otherwise prove too heavy for it. Thus, business is more promptly dispatched, and the great council of the nation has time to deliberate on those questions which most nearly touch the whole country.

Federalism, if it diminishes the collective force of a nation, diminishes also the risks to which its size and the diversity of its parts expose it.

Prefacing the word "security" by the word "social" does not give it the attributes of a new light bursting on the horizon. Security has been the aim of government, especially of democratic government, ever since it began. It was the motive which prompted the establishment of the Government of the United States as it exists today. From the beginning, the states have laboriously attempt-



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ed to build up the security which the Federal Government now purposes to achieve overnight by the adoption of a comprehensive plan.

Under their jurisdictions upwards of \$2,000,000,000 a year is spent in education to promote security of opportunity and this sum has been supplemented by more than \$100,000,000 a year in private gifts to the same end. A vast system of insurance has been erected which contributes to the security of more than 60,000,000 policyholders and their dependents. More than \$25,000,000,000 of insurance assets constitute a protective bulwark against the untoward effects of sickness, accident and death. A system of mutual savings banks has been created with deposits, in 1935, of more than \$9,000,000,000. Industry itself has established private pension plans covering more than 3,000,000 workers.

Numerous laws have been enacted to protect the worker against danger and accident and to insure wholesome conditions of employment. The accident rate in the American factory is now lower than it is in the American home.

Even the holding company has not been overlooked. Since 1930 at least 20 states have enacted legislation with respect to holding companies in the power field and this has become effective for 70 per cent of the population of the country.

A sample of social security

CONTRAST this long established and efficient procedure to advance security with the Federal Government's own notable venture into the insurance field—the civil service pension plan for its own employees. This now covers 45,000 persons who are receiving annuities. The board of actuaries that supervises its operations recommended an annual appropriation of \$50,000,000. Last year Congress appropriated \$21,000,000 and this year \$40,000,000. In 1933, the actuaries reported that the uncovered liability in the fund was \$1,000,000,000. It has since grown larger.

Or, take the example of the young man of 25 who comes under the Social Security Act. If he earns an average of \$150 a month until he is 65, he will have paid in taxes on his pay roll a total of \$3,780 to obtain a pension of \$61.25 a month. Through a private insurance company he could obtain the same pension at a cost aggregating only \$2,768 and his dependents would receive much more liberal benefits in the event of his death before reaching retirement.

Individual rights now safeguarded by state laws are threatened by this

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encroachment of centralized control. State legislation limiting hours of work in private employment has long since become firmly established as an accepted practice. Almost 20 years ago it was held to be within the discretion of a state to limit the working period of any man or woman in a manufacturing establishment to ten hours a day, with time-and-a-half pay for overtime up to three hours, the basis of the decision being chiefly that the statute went no further than to enact into law a custom which had been established by the manufacturers themselves.

We don't fit the same mold

THE difficulties of compressing the business activities of 130,000,000 people, carried on under widely diverse conditions, into the mold of a federal statute are obvious. The problems of no two states are the same. What might be decidedly beneficial to the industrial East might be detrimental in the same degree to the South or West. The business foot cannot be trimmed to fit the political shoe. Productive industry all across the country cannot be shaped to the requirements of an order preordained in Washington without the bridling of individual incentive and the halting of the initiative which is at the bottom of human progress.

Granting that a greater measure of regulation of industry by government may be necessary, we have the choice of doing it by what President Taft called "hair trigger" federal legislation or by the slower but much more solid and substantial growth of state supervision, adapted to the circumstances to which it is to apply. Of this latter method President Woodrow Wilson said:

If there is a real variety of opinion among our people in the several regions of the country, we would be poor lovers of democratic self-government were we to wish to see those differences overridden by the majorities of a central legislature. It is to be hoped that we still sufficiently understand the real processes of political life to know that a growing country must grow, that opinion, such as government can be based upon, develops by experience, not by authority, that a region forced is a region dissatisfied and that spontaneous growth is better, more genuine, more permanent than forced government.

It would be fatal to our political vitality really to strip the states of their powers and transfer them to the Federal Government. It cannot be too often repeated that it has been the privilege of separate development secured to the several regions of the country by the Constitution, and not the privilege of separate development only, but also that other fundamental privilege of independent local opinion and individual conviction, which has given speed, facility, vigor and certainty to the processes of our economic and political growth. To buy temporary ease and convenience for

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The President of an advertising agency writes—"Ediphones stand beside the desks of our account executives, giving each man complete dictation freedom. By this I mean that no one ever has to wait for secretarial service. At any hour—letters, telephone call confirmations, memos, plans, conference reports, etc., can be dictated. (Yes, advertising executives do a lot of work after 5 o'clock!)

"Our Copy-writers and Radio-writers voicewrite a lot of the advertising that you see and hear. Furthermore, whenever ideas 'flash,' they are voicewritten immediately. Ideas are worth money in our business and, thanks

to the ease of dictating to the Ediphone, none are lost.

"The Merchandising, Research, Media, Forwarding, Checking, Mechanical and Billing Departments use Ediphones, too. All work flows... without duplication of effort.

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protects against
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CARBORUNDUM

KIMPAK protects Carborundum display file from damage to itself and other boxed files.

● KIMPAK is the preference of shippers everywhere. The Carborundum Company, Niagara Falls, N. Y., uses 10-ply, tissue backed, knurl embossed KIMPAK as illustrated. There are many other forms and sizes of KIMPAK. One or more of them can solve your packing problems.

KIMPAK is economical to use. It is soft and clean, without dirt or foreign particles to scratch or mar. It guards against jarring, breakage, and all forms of shipping damage. KIMPAK is quickly and easily applied, without muss or waste.

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KIMBERLY-CLARK CORPORATION
NEENAH, WIS.

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the performance of a few great tasks of the hour at the expense of that would be to pay too great a price and to cheat all generations for the sake of one.

That, he adds, is "the alchemy of decay."

This is not an academic question. It is one for which the circumstances we are now facing are persistently demanding an answer. After several years of struggle to rehabilitate the national economy, the expenditure of a vast amount of money and the sacrifice of much freedom of individual action, it cannot be said that we have entirely emerged from the shadows of depression. The skies are, momentarily, clearing. Needs long suppressed are clamoring to be met. But the great forward surge of development, which is begotten of confidence and looks far into the future for the reward of effort, is lacking. Business still stands hesitant in the face of the confusion of political experimentation and uncertain and diverging trends in governmental regulation of

industry. As a result, unemployment remains at formidable levels, relief payments are putting a terrific strain upon the public treasury and the public debt is mounting to unprecedented levels.

As long as that trend continues, we cannot look to the future with equanimity.

Every day it is becoming more apparent that the only way of escape from this predicament is through business recovery. It holds out the only hope of complete absorption of unemployment, the reduction of public expenditures for relief and the balancing of the budget and liquidation of the national debt. Until individual enterprise, energy and resourcefulness are unleashed and set to the task, not only of meeting immediate needs, but of building for the future, we cannot hope to lift the threat which a long continued drain upon our national vitality implies.

The security we need most is the security of productive enterprise!

Coming in December

★ ★ ★

Portrait of a Country Merchant . . . By Silas Bent

"I know of men hidden away at the cross-roads and the grass-roots, oftentimes unhonored at home, who, behind their counters and at their desks, are performing a great service to their communities. I knew such a storekeeper in the little town where I was brought up, in the Middle West. He was never quoted in the newspaper on current affairs. He was too busy working from seven in the morning until late at night, but I know—and I hereby testify—that, on many an occasion, he helped a youngster in trouble over a rough place; he headed every subscription list for a Fourth of July celebration, a church festival or a town Christmas tree. He was the first to tear up the wooden sidewalk and replace it with cement; the first to install better lighting; he it was who unobtrusively and with magnificent tact, 'carried' the preacher whose congregation had failed him; it was he who helped the widow in distress and stood back of the farmers whose crops had failed. In fact, in his quiet way, as I look back on it now, he was perhaps the greatest practical influence for good and stability in that small section of American life."

Don't Copy Germany's Mistakes! . . .

By Gustav Hartz

When we are condemned as being "25 years behind Germany in social insurance," it is worth while to consider the conclusion of Mr. Hartz—labor leader of Germany—that the workmen themselves are disillusioned.

Mad Money Sweeps Canada . . .

By Floyd S. Chalmers

Every person in the province of Alberta is promised \$25 a month under a system of Social Credit proposed by a new administration. The editor of the *Toronto Financial Post* gives an actual view of the atmosphere which led to this fantastic scheme and how it is to be put into operation.

Public Servant

Government can never be as efficient as private business is a frequent statement. This man, who spent 20 years in Government service, knows the reason.

Funds for Small Borrowers

How to Obtain Working Capital

ABOUT \$170,000,000 of Federal Reserve funds is ready for the small business man who needs working capital. On June 19, 1934, Congress decided to make credit available for "the medium sized man in industry and commerce."

The Federal Reserve Banks were authorized to use a fund of \$280,000,000 for this purpose; the same law empowered the Reconstruction Finance Corporation to make industrial loans up to a total of \$300,000,000. These sums would seem to be a mere drop in the bucket when one considers the needs of business. But the potential borrowers have not come forward. Reserve banks have approved loans of more than \$107,000,000.

Now, why hasn't the rest of this money been called for? The answer must be that prospective borrowers either do not know that the opportunity exists or do not understand how to take advantage of it. Or it may be that the small business men hesitate to apply to the great central banking system, which seems so far removed from their little business problems.

But the year-old law brings the Federal Reserve Banks for the first time into direct contact with industry, and no one should hesitate to take advantage of this. How?

Let us take a typical case.

A small New York State manufacturer has been in business for a generation, profitably making a special paint. When the depression came, sales dropped, but believing revival was "just around the corner," and disliking to turn off faithful employees, the manufacturer retained normal office and sales forces even after profits ceased. This used up cash reserves. Then the continued depression compelled him to reduce working forces. This reduction in overhead enabled the manufacturer to pay off floating bills and most of his indebtedness to the local bank.

Now with business reviving new orders are beginning to come in—but there is no working capital left to hire back the old workmen, put salesmen on the road, buy raw materials. The head of the company goes to his own bank and tells his story. The banker is sympathetic but the situation calls for a loan of longer maturity than the bank cares to make.

At this point the manufacturer is reminded of Section 13(b) of the Federal Reserve Act which provides for working capital loans to established businesses on a sound and reasonable basis. The law specifically states that the Reserve Banks lend direct only when credit is otherwise unavailable, and contemplates participation with other banks as the normal procedure.

The manufacturer visits his banker again and suggests that the bank participate with the Federal Reserve Bank in making a "13(b)" loan. By so doing, the bank could split up the loan on any agreed basis with the Reserve Bank, or the Reserve Bank would be willing to take over all or part of the loan on a commitment

(Continued on page 62)

How to Get Home Mortgage Money

THE new mortgage system created by the National Housing Act is now in full swing, and an idea of its manner of operation may be had by considering a typical case:

Assume that Bill Brown is a junior executive and earns \$6,000 a year. He is industrious and fairly certain of holding his job. He is married, has a child and lives in an apartment in town.

Both Bill and his wife want a house in the suburbs and to this end have been saving their money. Saturday afternoons and Sundays they are looking around.

The house that strikes their fancy costs \$10,000. They must arrange a mortgage loan if they are to buy it. The real estate operator selling the house suggests the financing be done through a Federal Housing Administration insured mortgage loan.

"That type of mortgage has several advantages," he explains. "You may take 20 years to pay it off and there's no fooling around with renewals. Mortgages used to be written for only three to five years, and sometimes you couldn't renew them. Besides, second and third mortgages now are out of the picture, as you may get up to 80 per cent of the value as appraised by the Federal Housing Administration.

"Another advantage: You make payments monthly, like rent. These include interest, something on the debt and other charges that come with the ownership of a house. You get fewer unexpected bills to throw your budget out of gear.

"The real feature, though, is the premium you pay into a fund held in trust by the Federal Housing Administration. That permits the Housing people to insure your loan and enables your bank to lend you the money for a long period at a reasonable rate."

So Bill goes to his bank and discusses the possibility of obtaining a loan. The bank has qualified with the Federal Housing Administration as an approved mortgagee, as have many other banks, trust companies and building and loan associations. Had Bill been unable, offhand, to locate such an approved mortgagee, one of the offices of the Federal Housing Administration would have helped him.

Bill says he is ready to pay \$2,500 in cash for the house and asks to borrow the additional \$7,500. He might have offered to make a down payment of \$2,000, which is the 20 per cent minimum fixed by the law, but he considers it good business to pay as much as he can. He wants the note to run as long as possible so he can pay it out of income. This he sets down in a formal request to the bank, together with a description of the property and a personal credit statement. He pays a fee of \$22.50, or \$3 for each \$1,000 of the loan, to defray the expense of appraisal and examination of the property by the Federal Housing Administration.

Representatives of the bank and of the Federal Housing Administration check the statement. They in-

(Continued on next page)

spect the neighborhood to determine its desirability and examine the house to make sure it is properly built. The property is appraised. Everything passes muster, and Bill gets his loan.

Had Bill elected to build a new house instead of buying one already built, the procedure would have been the same, except that he would have been required to file with his application full plans and specifications of the contemplated structure. Federal Housing architects would have passed on these and, if satisfactory, a commitment would be made that if the house were erected accordingly the mortgage would be insured. Inspection would occur at intervals during construction.

But Bill's house already is standing, and he proceeds with his mortgage contract.

The period he arranges for is 20 years, the limit set by the law. The interest rate is five per cent, the maximum for an insured mortgage. It might have been less had Bill been a better bargainer; the Federal Housing Administration permits borrowers and lenders to make whatever arrangements they wish, just so the maximum is not exceeded. All taxes and assessments must be brought up to date. Bill pays for the title search and recording. He also pays for the bank's appraisal and an initial service charge if the bank finds it necessary.

The payment he is to make every month is \$75.83, although changing tax rates and fire insurance classification might cause a slight variation from year to year. Charges differ also in different localities. The payments cover interest, a payment on principal, a small charge by the bank for handling the account, the premium for the Federal Housing Administration insurance fund and taxes and fire or other hazard insurance.

Most of the items in the monthly payments remain virtually the same throughout the period. This is not true, naturally, of the taxes and hazard insurance, which are beyond the control of the parties to the contract, and which, in this instance, are \$20.12 a month.

Amounts credited to two items will change, however. The interest charge, obviously, is highest when the first payment is made. In Bill's case it is \$31.25 for the first month; but as payments progress the interest charge lessens. The credit to principal in the first payment is \$18.25. These credits to principal increase proportionately with the reduction of interest. The bank's service charge of half of one per cent, for collecting and administering the funds, is on decreasing balances and therefore is

smaller as Bill continues to pay. At the time of the first payment the service charge is \$3.08.

The premium the lending institution collects and forwards to the Federal Housing Administration to be held in the mortgage insurance fund also is half of one per cent, and remains the same during the period of the contract. In this case the premium is \$3.13. Bill Brown and all other Bill Browns who have insured mortgages with like date of expiration, and similar risk characteristics contribute to the fund and retain an interest in it until their contracts terminate.

Losses should be small

OF COURSE there may be losses. Bill Brown may die. He may lose his job. Or one of these things may happen to his neighbor, who also has an insured mortgage. But, if losses are not great, Bill will have something coming to him in the end. The losses are paid, and the expenses of the Federal Housing Administration deducted; whatever remains in the fund is applied to the mortgages. Actuaries familiar with mortgage practice and curtailment estimate that funds so accumulated might pay off a 20-year loan in as little as 17 years; but there is no certainty that this will happen.

The fund is protected against extensive loss through mortgages that are in default. If Bill's payments get three months behind, the lending institution is obliged to inform the Federal Housing Administration. If the bank finds it necessary to foreclose the Federal Housing Administration will take over the property and issue to the bank interest-bearing debentures for the unpaid balance and the interest. The fund is protected, too, by the 20 per cent margin between the amount of the loan and the value of the property and, further, default is not likely to occur during the period of maximum indebtedness.

From Bill's point of view the proposition is attractive. He will never face the problem of renewing his loan at a time when, as during a depression, mortgage money is not available. With widespread use of insured mortgages, that condition cannot exist. He deals with one lender. He enjoys a reasonable interest rate. He has no second or third mortgage. He knows that the value set on his property in the appraisal both by the lending institution and the Federal Housing Administration is fair. He knows his house is in first class condition. He knows it is in an established or upcoming neighborhood and is built in accordance with the standards that are prescribed by the Federal Housing Administration.

From the angle of the lending institution, the proposition is also attractive. Bill's solidity and reputation for meeting his obligations, checked systematically, assure his completion of the contract if humanly possible. If default occurs payment comes from the Federal Housing Administration in interest-bearing debentures. If money is needed, an insured mortgage may be sold. A number of outlets for such sales already exist, among them large insurance and trust funds. Mortgages retained in the institution's own portfolio bring a reasonable interest return and not unprofitable service charge.

From the standpoint of the public, an agency exists to improve our national housing standards and to stabilize the value of all residential property. The forced sale of one house tears down the value of another, even though unincumbered. Values everywhere are interrelated. Important, too, the Federal Housing Administration expects to be, like the Federal Reserve system, a self-sustaining agency, unsupported by federal funds, and independent through the collection of fees and insurance premiums.

The Federal Housing Administration put the insured mortgage system into effect in the early spring. Sixty-four branch offices in convenient parts of the country operate under the supervision of Washington headquarters. As this is written in August 1935, a total of 6,469 banks, trust companies, building and loan associations have been approved as mortgagees throughout the country. These, with their branches, afford 8,958 establishments where an individual may go for an insured mortgage loan.

How to Obtain Working Capital

(Continued from page 61)

basis, the bank being charged a small rate for the commitment, and the Reserve Bank assuming responsibility for loss up to 80 per cent. This would seem to be pretty good business for the bank. The Reserve Banks prefer this method.

In this particular instance, the local banker prefers to keep out. The manufacturer then writes to the Federal Reserve Bank in New York. He makes an appointment for an interview. He states his case to a representative of the Bank's credit department, who tells him that he is an eligible applicant, and gives him an application blank to fill out. The next step is a credit investigation with a

careful check-up of the story told on the application blank.

At this point another group of men step in. The "13(b)" law provides for an Advisory Committee of business men in each Federal Reserve district. The application with the summary of the findings of the investigators is laid before this Committee which approaches the problem of each borrower with a business man's viewpoint. Details of the procedure vary with the different Reserve Banks, but in each district the Industrial Committee reports on each application before the bank's officials act.

If the Committee's report is favorable, the bank approves the loan, the necessary papers are drawn up, the first cash advance is made. The whole process usually takes less than four weeks. Nothing is referred to Washington. Everything is done right in the Reserve Bank. After the first steps, the procedure is practically the same whether the loan is made direct or with bank participation. It might be said that after this loan was made, the Reserve Bank kept in touch with the business, receiving regular reports on sales and other matters.

Practically every kind of commercial and industrial enterprise is now included in the list of "13(b)" borrowers. The largest amount of money has been lent to automobile manufacturers—largely because of one \$6,000,000 loan which makes up about half the total.

The largest number of loans to manufacturers have been to makers of food products. In the merchandising field, the largest amount of money has been lent to sellers of food products, and the largest number of loans made to dealers in lumber and builders' supplies.

Most of the loans have been made for periods of from three to five years.

At the end of June, out of 645 loans advanced, 450 were for \$25,000 or less, and only nine were for more than \$300,000. The smallest loan so far is \$250 to a cutglass manufacturer in the Dallas district. The next smallest was made by the New York Reserve Bank directly to a woman who came from Russia 15 years ago, set up a little grocery store in New York City, put her son through college and professional school, and then, finding that 1933 losses had wiped out her savings, came to the Reserve Bank for working capital. The directors of the New York Bank went on record with the statement, "This loan is being made because it is a good moral risk." They lent her \$300 last summer, and she has already—in spite of sickness and slow business—repaid \$150 in monthly instalments of \$12.50, which she brings in cash.



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"ISN'T there a quicker and more economical way to handle our figure work?" A new answer to this question is the "Comptometer"—Peg-Board method. Because of its extreme flexibility and simplicity it is being applied with substantial savings in practically every line of business on various analyses such as sales, expense, material, costs, inventory control, and other figure work.

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"Because of our success with the 'Comptometer' and Peg-Board in handling our reports on fluid milk," writes Peter Campbell, Controller, "our first thought, upon entering the retail distribution field, was to investigate the possibilities of handling this additional volume of figure work on the Peg-Board.

"We were rather doubtful at first because of the fact that we have nearly 500

items in our line to analyze daily by salesmen and territories at each of our branches. A 'Comptometer' representative, however, was called in for assistance in studying our problem. The flexibility and simplicity of the 'Comptometer'—Peg-Board combination appealed to us and together we developed the Peg-Board routine we are now using.

"Our experience with the 'Comptometer'—Peg-Board method in respect to fluid milk, retail distribution from trucks, and in retail branch operations, has been highly satisfactory from the standpoint of speed, economy, and accuracy. It is our opinion that with a little study this system can be adapted to most any business where a detailed distribution of a great many items is necessary."

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The Strangulation of Trade

(Continued from page 16)

it even prescribes the type of ashpan with which locomotives must be equipped.

The growth of federal interference with the private activities of our people was not rapid until after the middle of the second decade of this century. Two factors restrained it.

The first was that the Supreme Court had construed all of the 18 powers of Congress and their limits were well understood. There were only two powers which the Federal Government might plausibly stretch so as to intrude into the affairs of the people in the states—the taxing power and the power to regulate interstate commerce.

Tax powers are limited

BUT from its earliest decisions, the Supreme Court had held that the taxing power must be used only for the purpose of raising revenue; that Congress cannot use it to accomplish other purposes, such as the regulation of hours, wages or working conditions in the states. The Court had also clearly construed the power over interstate commerce, holding that manufacturing and commerce within a state, the mining and the growing of crops, are all wholly within the province of the states to regulate, and that no federal power attaches even to articles of trade or to the products of the factory, the mine or the farm, until those articles and products are started on a continuous journey of transportation to cross state lines.

The second factor retarding the growth of federal bureaucratic control of business was the Federal Government's restricted power to tax. The founders of our government had designed this restriction to prevent waste and extravagance and to restrain irregular and costly adventures, which plentiful revenues invariably tempt government to undertake. The framers well knew that a government of limited powers possessing an unlimited power to tax is a contradiction in terms; that the unlimited power to tax would sooner or later wear down all limitations and render the government absolute.

In 1913, through the sixteenth Amendment, Congress was released from the restrictions on its power to levy direct taxes. From 1913 to this year Washington politicians have taken from about four per cent of our citizens a capital sum exceeding \$50,000,000,000 and wasted it largely as political spoils, when it would

otherwise have gone back into trade and industry to multiply its blessings of employment and opportunity throughout a land now bled white.

It was the acquisition by Congress of this unlimited direct taxing power which provided the means and marked the real beginning of bureaucratic strangulation of trade and industry in the United States, and its entrance since upon stupendous schemes of "social welfare," including the socialistic purpose of the present Administration "to redistribute" wealth.

Close on the heels of this congressional coup, a Federal Trade Commission was created, empowered to investigate and to forbid certain forms of "unfair competition." As the thirst for power is never quenched, so the powers of no bureau are ever adequate. They constantly increase, with its personnel and appropriations. It was not long until the Federal Trade Commission possessed authority to require annual reports, special reports, answers to letters of inquiry, the production of books and papers, from "any person, partnership, or corporation engaged in commerce."

No excuse from testifying

IT MAY, on its own motion, summon whom it will to Washington, and "no person shall be excused from attending or testifying or from producing documentary evidence before the Commission on the ground or for the reason that the testimony or evidence, documentary or otherwise, required of him may tend to incriminate him." But, says the Act, no natural person shall be prosecuted for anything concerning which he has been compelled to testify.

Here is a tyrannical power to harass and make all men's private business public. Most bureaucrats are convinced that all business men are crooks and they frame their legislation and regulations with a requisite vigor.

Faced with the responsibility of defining unfair methods of competition, a task left on its doorstep by the Congress, the Federal Trade Commission occupied the center of the inquisitorial stage until the enactment of the National Industrial Recovery Act, the mother of codes of fair competition and its own commentary on the efficacy of the Commission's methods and procedure.

The Great War accustomed the politicians to the exercise of autocratic new powers over a willing and

loyal people, and to spending billions, where previously they had merely spent millions. Power never retreats, nor do politicians ever willingly relinquish such advantages. Hence, many of the great spending agencies, created for that emergency only, were carried over into peace, including the United States Shipping Board, the Inland Waterways Corporation and others, all still piling up their annual deficits.

War powers continued

SO, TOO, the ten great federal departments sought to preserve their war-time advantages in power, patronage and appropriations. The Department of Agriculture was particularly successful. In what is known as the Packers and Stockyards Act of 1921, the Secretary of Agriculture not only perpetuated his war-time regulation of the packing industry, but he extended it to the control of all stockyards. Anyone disobeying his regulations is liable to a fine of \$500 a day during its continuance, and the accused is further liable to be suspended and forbidden to do business after a hearing.

This hearing is the veriest travesty. It is not to be held in a court, but before the Secretary's own appointee, called an examiner, who is necessarily a partisan, under the domination of his chief.

Thus, the live stock dealers of the country, along with others subject to bureaucratic control, are at the mercy of arbitrary and capricious power and are practically without remedy in the courts; for, as the Supreme Court said, in 1903, in the case of *Bates and Guild Co. vs. Payne*, concerning these hybrid law-making tribunals:

Where the decision of questions of fact is committed by Congress to the judgment of the head of a department, his decision thereon is conclusive; and even upon mixed questions of law and fact or just law alone his action will carry with it strong presumption of its correctness and courts will not ordinarily review it.

In 1921, also, the Secretary of Agriculture determined to carry over into peace his war-time control of grain exchanges. He obtained from Congress an act imposing a tax of 20 cents a bushel on all contracts for the sale of grain for future delivery, except sales on exchanges which would voluntarily submit to his control. This was a clear perversion of the taxing power, designed solely to coerce boards of trade into accepting bureaucratic dictation or be ruined by a discriminatory and excessive tax. And the Supreme Court so held, declaring this so-called Future Trading Act void. Congress promptly re-



Business Developments in Foreign Countries and at Home

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enacted the Future Trading Act as warranted under its interstate commerce power and the Court upheld it.

Grain exchanges are now as completely under federal bureaucratic domination as are the live stock exchanges. Supervisors and snoopers infest all exchange rooms, requiring daily reports from traders. The supervisor's powers are autocratic; he may even compel a trader to cease buying and to sell. And if the trader violates any of the Secretary's regulations he may be suspended and be compelled to seek some other means of livelihood.

The most uneconomic and costly single venture of the Department of Agriculture, up to the time of the bureaucratic madness that began in 1933, grew out of the Hoover Administration's Agricultural Marketing Act of 1929, creating a Federal Farm Board, with a fund of \$500,000,000 with which to peg the prices of wheat and cotton. It lost \$344,900,000 of taxpayers' money before it was nominally abolished in 1933, when its powers were given to the Secretary of Agriculture.

The Secretary of the Interior has been given new hundreds of millions on top of the \$165,000,000 spent on Boulder Dam to build other power and irrigation works to make new thousands of arid acres cultivatable, at a time when the Department of Agriculture is trying to reduce our farm acreage by 30,000,000 acres and is paying hundreds of millions to farmers to withhold their lands from planting. This has gone on in spite of a Supreme Court decision in 1906:

The Government of the United States

is one of delegated, limited and enumerated powers. Turning to the enumeration of the powers granted to Congress in the first Article of the Constitution, it is enough to say that not one of them, by any implication, refers to reclamation of arid lands.

The development in the United States, up to 1933, of the old-world, absolutist system of interference with commercial and industrial activities has meant gradual displacement of our traditional system of general, uniform law, enacted by Congress and applicable to all, and the substitution of imported compulsions once so forcefully rejected by our forefathers. Under such a system, the regulations are found in no statute book and may be altered overnight. It is characterized by displacement of our ordinary courts and trial by jury by partisan administrative tribunals which enforce their own bureau-made laws. Its summary processes, such as its "Cease and Desist" orders, directed to trade and industry; its power to prohibit a citizen from following his life-long calling, and the ever-mounting tax-burden which a bureaucracy requires alarm all who understand that the essential difference between our limited governmental system and all others, is the difference between freedom and a manly self-reliance, on the one hand, and governmental coercion, under the pain of punishment for disobedience, on the other.

(Editor's Note: Mr. Edmunds will continue in an early number his discussion of the rapidly increasing political domination over commerce and industry since 1933.)

Bootleggers in a New Field

PERHAPS one of the strangest outgrowths of the depression is the situation which confronts the anthracite industry in the bootlegging of its product. The bootleggers are unemployed miners who ply their picks on coal lands, without permission or lease from the owners, and truck their takings to whoever will buy.

Bootlegging started on a comparatively insignificant scale several years ago. Today, according to Walter G. Merritt, general counsel of the Anthracite Institute, 20,000 men are engaged in the trade and are annually and openly robbing the industry of some \$20,000,000 worth of anthracite.

Offered at cut prices, the stolen anthracite has demoralized the retail market in New York, Philadelphia and other cities, dealers assert.

A Philadelphia dealer declared recently that stolen coal was offered there at as much as \$2.50 below the going price and that it comprised more than 80 per cent of all trucked coal coming into the city.

While expressing sympathy for the unemployed miners, Mr. Merritt charges that there has been a complete breakdown of law in the affected area. Cases in which local juries have refused to convict coal stealers are cited, also instances of miners forcibly defending their illegally operated holes against attempts of the property owners to close them. Coal companies owning the land have been able to close the holes only by seeking them out secretly and dynamite them before code signals can rally the miners to their defense, it is said.—P. H. H.

The Star Chamber Lives Again

(Continued from page 28)

liam Stayton, were in the hands of the committee. As the questioning proceeded Mr. Curran exclaimed:

I don't mind you asking any question about our Association, if you ask it fairly, but I am saying again that it has nothing to do with the purpose of this committee. It is a fishing expedition. I don't know what has become of the Fourth Amendment to the Constitution when you search and seize all our papers and matters extraneous to your jurisdiction.

SENATOR ROBINSON: No, they were subpoenaed. You wouldn't surrender them.

MR. CURRAN: Subpoenaed or not subpoenaed, you took them and they have got nothing to do with your committee, and you have them and where has the Bill of Rights gone?

Pilfering private files

MRS. Gladys Moon Jones, a witness before the same committee, was called to the stand and questioned as to her activities as publicity representative in Washington of the United States Sugar Association and the American Chamber of Commerce of Cuba. The following is from the printed record:

THE CHAIRMAN: Did you write a letter—I want to show it to you—this is a copy of a letter that you wrote to Mr. Lakin?

MRS. JONES: Yes, I wrote it, but I want to ask you what right you have to have it?

THE CHAIRMAN: Well, we seem to have it.

MRS. JONES: Well, how did you get it? By what right have you my personal letter in your hands?

THE CHAIRMAN: We will argue that some other time.

Business men engaged in two clashes with the House Special Committee investigating the American Retail Federation over the treatment of private correspondence. In June of this year, John A. Logan, Executive Vice President of the Food and Groceries Chain Stores of America, Inc., charged that photostatic copies of his private letters, which had been seized by the committee, had turned up in the possession of the United States Wholesale Grocers' Association.

"The release of these communications to an unfriendly organization," declared Mr. Logan in a letter to the committee, "can only be regarded as inexcusable, irregular and improper."

The same committee seized three steel filing cases, filled with letters and papers, in the offices of Robert W. Lyons, attorney for 14 chain store companies. Chairman Patman wished to interrogate Mr. Lyons about the correspondence, but suggested that instead of taking up each

letter in turn, the committee should have them all printed and that proofs be provided for the use of the committee and for Mr. Lyons.

Representative Donald H. McLean, of New Jersey, a member of the committee, vigorously objected to this plan and threatened to quit the committee. He said there were persons then in the committee room who were eager to learn the secrets of the chain store companies represented by Mr. Lyons. The following is from Mr. McLean's protest as it appears in the stenographic record:

You can put me down as against that procedure because it only puts him (Mr. Lyons) in the hands of everybody who has no right to see the correspondence. It is public property then. It ought not to be printed. I do not think it is fair. I think it is very unfair and unjustified to go into a man's office and take his files and go through them and get out a lot of stuff which you think is damaging and then put it up to the man and spread it before the public. That is not my way of trying a law case, and I do not think it is the American way of making an investigation, either!

It is probable that the essence of the attitude of many Congressional investigators was expressed in the reply of Chairman Patman. He said:

This is far removed from the trial of a law case. Sometimes, in the interest of the public welfare these things must be done to break up a bad system.

No rights for the accused

THE Fifth Article of the Bill of Rights provides that "no person shall be held to answer for a capital or other infamous crime unless on a presentment or indictment of a grand jury." The Sixth provides that "in all criminal prosecutions, the accused shall enjoy the right to a speedy and public trial, by an impartial jury . . . and to be informed of the nature and cause of the accusation; to be confronted with the witnesses against him; to have compulsory process of obtaining witnesses in his favor, and to have the assistance of counsel for his defense."

The most vicious public enemy brought before the lowest police court still enjoys these rights, but individuals and groups of individuals whose only crime was to displease an investigating committee have found themselves victims of public attacks before they have had a chance to present their case, and in fact, before any investigation of the matters involved has been made. This method of substituting attack for investigation has brought sharp complaints from citizens and organizations.

Senators and Representatives con-

"was it Cold!

... say, it took a tarpaulin, a blow torch and 7 hours hard work to get a motor started!"



Stevenson Corey, Chief Supply Officer on the Byrd Expedition, tells some yarns that make freezing-weather motoring in the States seem like a joy ride. After a truck had been out in a 72° below-zero temperature for a week, it was no matter of merely stepping on a button to get the motor turning over!

"The men used to work six and seven hours getting a motor started," said Mr. Corey. "The procedure was to cover the hood with a tarpaulin, with snow and ice piled around the bottom to seal out the air. Then they'd hold a blow torch near the pan under the motor. That would warm up the oil and grease enough to let the motor turn over, and finally get a spark to catch. There was one good thing though . . . no matter how cold it was, the crew never had any trouble with a motor freezing up. Eveready Prestone was always in the cooling system doing its stuff. There wasn't a single occasion during the Byrd expedition when Eveready Prestone did not function with 100% dependability."

Millions of American car owners share Mr. Corey's enthusiasm for Eveready Prestone. One "shot" of this guaranteed anti-freeze gives protection against freeze-up and rust all winter long. It will not boil away or evaporate. It has no odor and it will not damage the car's finish. This year Eveready Prestone has again been reduced in price . . . a chart on Page 49 shows how little it will cost to have complete cooling-system protection for your car this winter. Also on that page is the specific guarantee which covers the many Eveready Prestone advantages.

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During the last two months readers have ordered more than 100,000 reprints of articles appearing in Nation's Business. This indicates a need and a desire. Perhaps you, too, will be glad to learn that for many years Nation's Business has furnished reprints in pamphlet form to subscribers at cost of printing, approximately \$1.00 to \$2.00 a hundred.

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What Workers Want to Know
Why Not Humanize Your Figures?
New Labels on Old Bottles
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Painters' Frolic
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NATION'S BUSINESS
WASHINGTON · D C

★ tend that their investigations are not trials and that the rules of courts need not apply so far as these protections are concerned. Without the usual restrictions, therefore, members of investigating committees launch assaults upon citizens and groups, making attacks in the committee room, on the radio, in statements to the press and in speeches on the floor of either branch of Congress.

★ Much ado about nothing

IN THE 1935 lobby investigation, two committees were operating. One was the Special Senate Committee and the other was the House Rules Committee. Representative Nat Patton of Texas was brought before the Senate Committee, accused of accepting from a utility executive a mysterious gift. Senators sought to prove by the witness that his expenditures in Washington had been out of proportion to his income. The Congressman insisted the mysterious parcel was a box of cigars, wrapped in newspaper, and handed to him by the son of John Carpenter, President of the Texas Power & Light Company, in the latter's apartment in Washington.

The Senate Committee devoted hours to examination of Mr. Patton and Mr. Carpenter and others on this sensational “lead.” One newspaper carried a headline on the story, “Utility Lobby Cigar Box Did Not Contain Cigars.”

Later, before the House Committee, witnesses testified that the box really contained cigars. Representative Patton was able to show that his expenditures in Washington had not been out of proportion to his legitimate income.

Meanwhile, the Senate Committee had dropped the matter and the sequel to the sensation enjoyed comparatively little prominence in the press.

Philip H. Gadsden, chairman of the Committee of Public Utility Executives, commented on the incident as follows:

By innuendo and insinuations which have their basis in malice and not in fact, Senator Black and his committee are now engaging in the practice of character assassination, to which the sponsors of the public utility bill have for some time resorted. The falsity and absurdity of these charges become apparent as the facts develop. The American people will rightly regard with contempt these practices by government officials who take advantage of their high office to assassinate the character of the private citizen or Representative in Congress who happens to oppose their radical legislative proposals.

★ The American Retail Federation, organized to represent extensive retail interests in Washington, was

accused, condemned and figuratively, if not literally, executed before it had an opportunity to function. The Federation opened temporary offices in Washington on April 22, 1935, and, on April 24, the House of Representatives adopted a resolution providing for a special committee to investigate the group. The resolution, unique in investigation history, contained ten whereas clauses in which the Federation was not accused of misdeeds committed but was condemned for various high crimes and misdemeanors which the sponsors of the resolution believed the Federation planned to commit. The resolution referred to reports in the press and used the words "planned," "purposed" and "designed" throughout the accusatory document.

Accused of bad intentions

THE files of the Federation were seized in the customary manner of investigating committees. After two days the committee branched off into an investigation of chain store practices.

As this article was written the Federation's files were still in the committee's hands and the organization had never functioned.

Louis E. Kirstein, Chairman of the Executive Committee of the Federation, told the House Committee:

It may seem strange that busy members of Congress with a crowded legislative calendar before them should think it worth while to investigate an organization before it has had an opportunity to function. It may also seem strange that derogatory charges against the organization should be made in the halls of Congress by responsible legislators before finding out what the actual aims and purposes of our organization may be.

Mr. Kirstein expressed the hope that the retailers of the country be given the opportunity that had always been given to all groups of citizens to organize themselves and to present their case and try to advance their common cause.

Being thus publicly damned, the witness appears before a hostile judge and jury and frequently finds himself being forced to commit unwilling perjury.

Sworn to tell the truth, he finds that committeemen, by demanding "yes" or "no" answers to their questions, make this impossible.

Committee records show repeated instances of this practice. The record of the special committee which inquired into air mail and ocean mail contracts in 1933 supplies several. Senator Black was chairman.

One of the witnesses before the committee was J. E. Dockendorff, President of the American Diamond Lines, Inc. The following excerpts are

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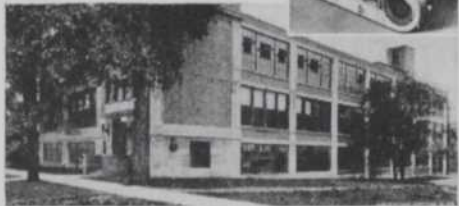


Total fuel cost savings of \$14,640 in 8 years (\$1830 a year) is the thrift record of an Iron Fireman automatic coal burner installation at The Miller-Bryant-Pierce Co., Aurora, Illinois.

"During the eight year period," writes Mr. Miller, president, "Iron Fireman has been in almost constant operation day and night and has given entire satisfaction. Fuel savings over hand-firing have been 40% or \$1830 annually. To this may be added higher efficiency in uniform heating and elimination of smoke nuisance."

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Right: Iron Fireman automatic coal burner installation in a commercial boiler. Below: Plant of The Miller-Bryant-Pierce Co., Aurora, Illinois.



IRON FIREMAN

AUTOMATIC COAL FIRING

from the official record of the proceedings:

THE CHAIRMAN: I am not going into too much detail—

MR. DOCKENDORFF: But I must explain to you if you wish to know the facts.

THE CHAIRMAN: Will you please just answer the question?

MR. DOCKENDORFF: If you do not wish me to explain, I cannot—

Later in the day the record shows the following:

MR. DOCKENDORFF: This is a very simple matter if you will permit me to give you the facts.

THE CHAIRMAN: I think it is very simple and we will go right through.

MR. DOCKENDORFF: I think you are trying to present this matter in a way that is bound to be misunderstood.

Following the testimony further:

MR. DOCKENDORFF: If you won't allow me to give you the facts—

THE CHAIRMAN: I am getting facts.

MR. DOCKENDORFF: I don't think you are.

Another quotation from the record:

MR. DOCKENDORFF: You are leaving an impression that is not correct, sir.

THE CHAIRMAN: Mr. Dockendorff, just be quiet and I will give you all the chance you want to explain it.

MR. DOCKENDORFF: We can't possibly explain as these things go on—

THE CHAIRMAN: Mr. Dockendorff, you will have to keep quiet.

MR. DOCKENDORFF: It is impossible for us to continue this way.

THE CHAIRMAN: You will have to be quiet.

MR. DOCKENDORFF: You leave here an impression that is absolutely wrong.

THE CHAIRMAN: You will have to be quiet.

No explanations

THE ocean mail investigators summoned Malcolm M. Stewart, an officer of the Middle West Foreign Trade Committee. Senator McCarran objected to one of the assertions of the witness and Senator White interposed to say: "I suppose the witness has some rights to explain answers and amplify answers as he sees fit." The examination proceeds:

SENATOR MCCARRAN: You have been energetic in trying to get from them contributions continuously?

MR. STEWART: I really think—

SENATOR MCCARRAN: Why not answer my question? I do not want any more speeches.

Lachlan MacLeay, executive vice president and secretary of the Mississippi Valley Association, was another witness before the committee. The following is quoted from the printed record:

SENATOR KING: Your organization has back of it the purpose of obtaining appropriations from Congress?

MR. MACLEAY: We have the purpose of developing these rivers.

SENATOR KING: Answer "yes" or "no."

Two years later, in August, 1935,

we find another witness declaring that Chairman Black's committee did not want the whole truth. The witness was Howard C. Hopson, an executive of the Associated Gas and Electric Company, which had lobbied against the administration's utility bill. Senator Schwollenbach was endeavoring to force Mr. Hopson to admit that he had tried to conceal from Associated stockholders his connection with a concern which had made huge profits. When the witness attempted to explain his relations with the matter he was abruptly stopped.

"All right, you do not want the whole truth," shouted Mr. Hopson.

"You will have to withdraw that statement," demanded Senator Black.

"I'm not going to withdraw it," declared Mr. Hopson. And he did not.

The Senator talks on

IN VIEW of all this there is a flavor of irony in an incident which took place on the Senate floor on August 23, 1935. Senator Black had been asked a question in debate and was interrupted by Senator Bailey. The following is from the *Congressional Record*:

MR. BAILEY: Will the Senator yield?

MR. BLACK: I will not yield until I have concluded what I have to say, because I have not finished answering the Senator.

MR. BAILEY: I take great delight in the prospect that the Senator shall some day finish. I will do all I can to aid him.

MR. BLACK: The Senator can do that by sitting down and letting me finish.

Lawyers are a great deal more sure of their ground than are business men when appearing as witnesses before investigating committees. It was a lawyer who won the distinction of being the only witness in all the Senate or House hearings of 1935, and probably in recent years, flatly and finally to decline to answer questions which he thought were improper.

Testifying August 8 before the Special House Committee investigating the American Retail Federation, Mr. Lyons explained that his clients operated in 48 states and that his own activities related only to matters arising in the States and not in Congress.

The following is from the stenographic record:

THE CHAIRMAN (Rep. Wright Patman): In connection with your duties, suppose a bill were pending before the Texas legislature against chain stores, or one that you considered against the interest of chain stores, what would you do in connection with it?

MR. LYONS: I decline to answer that question upon the ground that it goes beyond the purview of the inquiry and of the authority of Congress.

THE CHAIRMAN: Do you mean to challenge the jurisdiction of the Committee?

MR. LYONS: I do on that question, yes sir. It is very clear to me, after reading the law and the precedents, that it is

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not within the power of a congressional committee to inquire into the matter covered by your question. If you confine your inquiry to matters concerning which Congress can legislate, and which would come within the legitimate scope of your inquiry, I have nothing to withhold from the committee, but I decline to answer questions of the sort you have propounded upon the ground that it goes beyond the purview of the inquiry, and that the question is an improper invasion of private rights.

At the time this article was written the committee had made no move to cite Mr. Lyons for contempt.

Senators themselves have objected to committee methods of examining witnesses.

In one of the sessions of the air mail and ocean mail contracts inquiry in 1934 the testimony of Postmaster General Farley was interrupted by the following exchange between three of the members of the committee:

SENATOR AUSTIN: I have sat here through the taking of 6,000 pages of testimony in which questions were so leading and argumentative that they would not stand in any court where there are rules of evidence.

THE CHAIRMAN (Senator Black): I agree that your questions come within that scope. Each time you have questioned witnesses—and Mr. Brown included—you have led them so it would not stand up in court.

SENATOR WHITE: I would hate to strike a balance between the questions asked by either side.

Senatorial name-callers

OFFICIAL records of many hearings show that witnesses who resist vigorously the unfair tendencies in the methods of examination sometimes get rough treatment.

John T. Flynn, in an article published in *Harper's Magazine*, of August, 1930, described an incident in the lobby investigation of 1929-1930. He wrote:

On another occasion J. E. Pierce, a newspaper editor, objected to an insinuation in the testimony of Senator Black, that he had changed his position on the Muscle Shoals question after he had received a check from a Colonel Worthington, of the Tennessee River Improvement Association. Pierce characterized that as a contemptible lie. Senator Black answered:

"We can settle that outside. Everybody knows you are by nature a liar and a coward."

"If that's the way you feel about it, we will go right outside now!" cried Pierce.

"Oh, no!" replied Black, "that question can wait for settlement."

"Then you admit you are a coward," Pierce retorted.

"No," replied Black, "I admit that you are."

That exchange does not appear in the printed record of the hearings as filed in the Congressional Library, but Mr. Flynn's version of the incident was practically identical with

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that published in the New York Times the next day.

When Joseph R. Grundy, later to become a member of the Senate, was called from Pennsylvania, by the lobby investigators in October, 1929, he was grilled on a wide variety of subjects which had no relation to lobbying. His answers not pleasing a committeeman, he was denounced in public hearing as "yellow" and as a "welcher."

Mr. Curran, a witness before the same committee, was asked whether his association had reported instances of killings of enforcement officers by bootleggers.

Mr. Curran had a heap of papers before him and undertook to refer to them.

THE CHAIRMAN: Well, answer the question.

MR. CURRAN: I am trying to.

THE CHAIRMAN: If you don't know what is in your own literature, what confidence can the public have in you?

MR. CURRAN: Well, there is a great pile of it. I could sit here all morning and read it. I just started to look it up. I don't know everything that is in these books.

THE CHAIRMAN: Well, I don't think you know anything.

MR. CURRAN: Well, Senator, if you will sit down and calm yourself, I will read this paper.

THE CHAIRMAN: No, no, I will stand up.

MR. CURRAN: And I will sit down.

After angrily shaking his finger in Mr. Curran's face, the committee chairman strode away remarking in an aside tone that "A man can make a damn fool of himself in public."

Business to Vote On Congress Trends

THROUGH a referendum vote, the 1,500 member organizations of the Chamber of Commerce of the United States this month are expressing their approval or disapproval of recent major trends in federal legislation.

These questions are before the membership for decision:

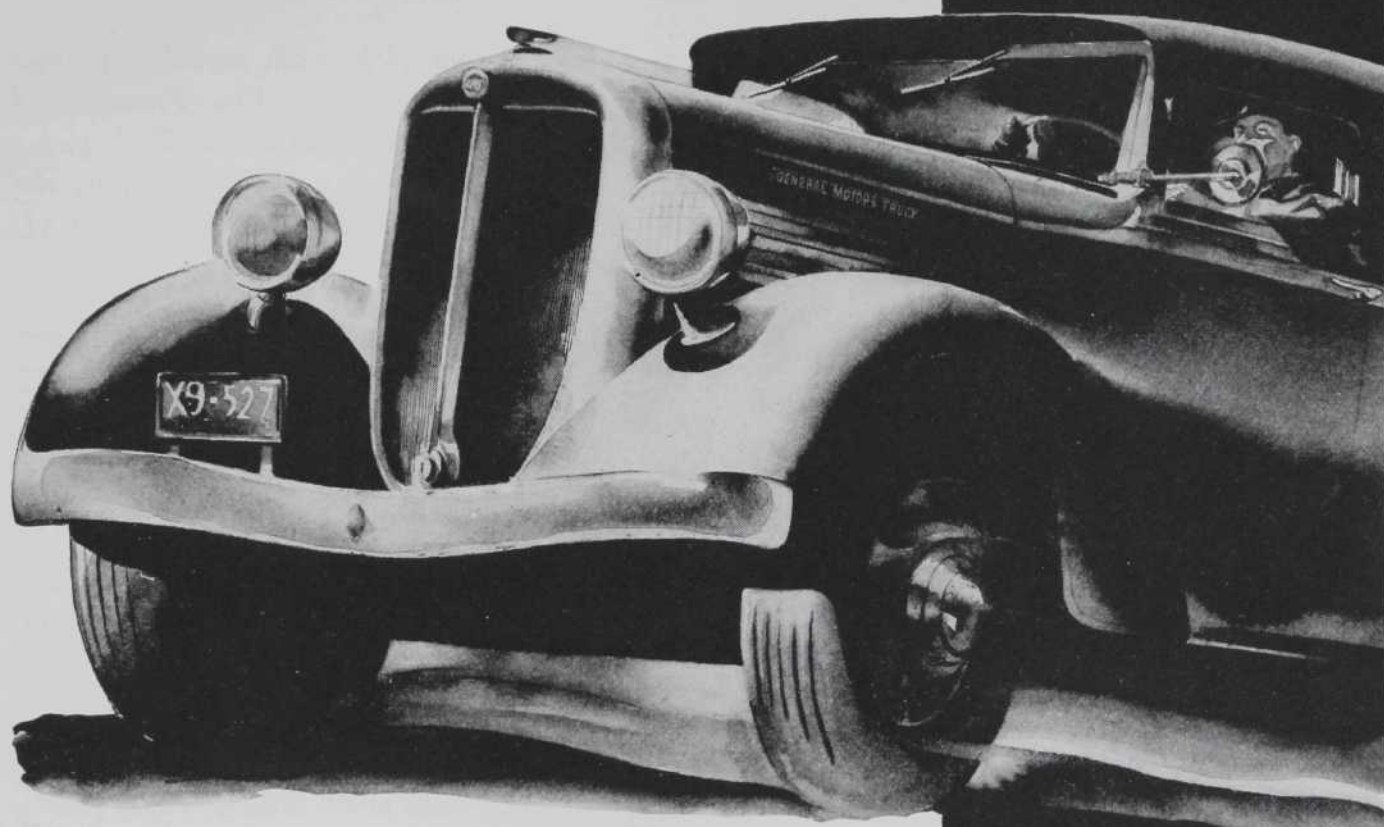
1. Should there be extension of federal jurisdiction into matters of state and local concern?
2. Should the Federal Government at the present time exercise federal spending power without relation to revenue?
3. Should there be government competition with private enterprise for regulatory or other purposes?
4. Should all grants of authority by Congress to the executive department of the Federal Government be within clearly defined limits?

The questions were summed up in a special Chamber committee report which was dispatched to the organization membership October 10. Balloting will close November 25.

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Think of saving as much as 28% on gas. Think how much lower upkeep expenses will be because of reduced wear and tear on engine and other driving units. And in addition to these important savings, the GMC Dual Performance axle assures more effective use of power—the truck will climb a steeper grade, travel faster on the level and handle full loads

easier. Too, Dual Performance gives better pick-up in traffic, which in combination with greater speed and power, reduces running time, enabling the truck to do more work per day.

Get all the facts about GMC Dual Performance—available in the 1½-2 ton and 2-3 ton ranges. Learn, too, the many other reasons why profit-minded operators are swinging to the many-feature GMC trucks of value. Whatever your hauling needs may be, there's a correctly engineered GMC truck or truck-with-trailer to fit exactly. Capacities range from 1½ to 22 tons.

Time Payments Available Through Our Own Y. M. A. C.

GENERAL MOTORS TRUCK CO., PONTIAC, MICH.

GENERAL MOTORS TRUCKS and TRAILERS

1½-22 TONS

THE TRUCK



OF VALUE

MAKING AMERICA A NATION OF

Easy Chair*Furnace-Tenders*

It's no trick at all, says Mr. George A. DuToit, Jr., Vice-President of Minneapolis-Honeywell Regulator Company... who explains the part played by MONEL METAL

"WE use Monel Metal in controls which must function without fail even though they are exposed to heat and corrosive atmospheres.

"Our use of Monel Metal for this severe service is typical of the care we exercise to maintain the high quality of Minneapolis-Honeywell controls for all purposes."

* * *

Ability to retain its properties at high temperatures and to withstand the corrosive and erosive action of super-heated steam at high velocities explains Monel Metal's wide use in power plant equipment. But it does not explain the combination of other valuable properties which have made Monel Metal so widely used by industry:

Great strength... 50 per cent higher than the strength of structural steel... absolute freedom from rust, and resistance to wear and abrasion.

All these qualities have won for Monel Metal an established place in dyehouses and chemical plants, in packing houses and canneries, in oil refineries and textile mills.

Consider the good effects of Monel Metal's toughness and corrosion-resistance on its *appearance*: ability to take and hold a high polish, resistance to marring, and sparkling cleanliness... and you see why this metal is used universally for food service equipment of leading hospitals, restaurants and hotels, and in the kitchens of modern homes.

Inco engineers are constantly pioneering new uses of Monel Metal, constantly studying present uses to improve them. They may be able to help you use Monel Metal to your greater profit. Why not give them a chance?

THE INTERNATIONAL NICKEL
COMPANY, INC.

67 Wall Street

New York, N. Y.

Monel Metal

Monel Metal is a registered trade-mark applied to an alloy containing approximately two-thirds Nickel and one-third copper. Monel Metal is mined, smelted, refined, rolled and marketed solely by International Nickel.

**"BUT WHY
DON'T THEY
BUY OUR
PRODUCT?"**



To this question, as every sales manager knows, there may be a single answer—there may be a dozen. But, fundamentally, it's a matter of *merchandising*—of "clicking" at that crucial moment when the customer is *buying*.

The dealer won't help you unless *you* help *him*. Unless your package helps him. Unless your displays help him. Unless your whole merchandising plan is worked out to give your product the push that really counts—the push across the counter.

Perhaps *you* are facing the problem of a product that isn't clicking as

it should. If so, it is only logical that the American Can Company with its contacts throughout the package merchandise field could be of assistance. We see problems being solved each day. We add continuously to our store of knowledge of why products move, of how stagnation has been solved in other cases.

This experience, plus constant field study in retail stores, is available to you. Your problem may be an old one to us—it may involve extensive new study. Whichever it is, you will find here a willingness to work

with you until the solution is found and applied.

A call from you will find us ready to assist—with all the field data, experience and knowledge at our command. Just address our Sales Promotion Department.

Why does American Can Company concern itself with problems of retail merchandising?

Our reasons are the same as yours. We cannot sell more packages than you sell for us—you cannot sell more than people buy. The consumer is our common goal.

AMERICAN CAN COMPANY

230 Park Avenue, New York



COURVOISIER

"The Brandy of
NAPOLEON"

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Cognac Brandy improves only in wooden casks; once it is bottled, maturing stops. Courvoisier Cognac is never bottled until ordered for shipment. Then it is put in brand new bottles. The cobwebs remain in the cellars in France.

Courvoisier stands for quality.



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 to Their Majesties:
 King George V of England
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